Valuation Report

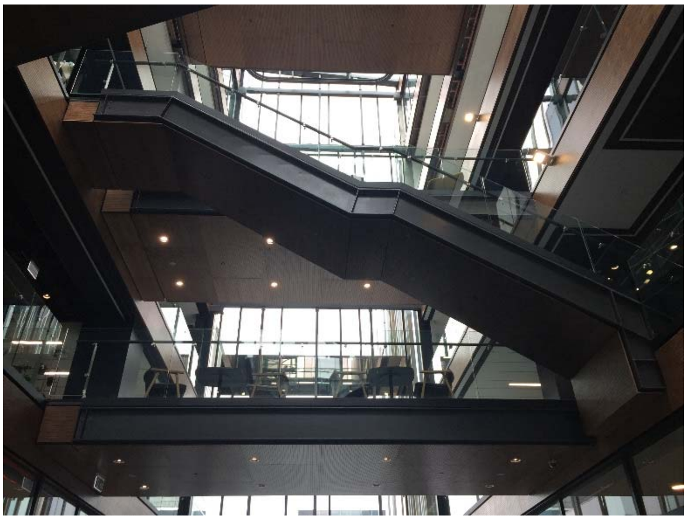
Building A

Building A, 4 Graham Street, Auckland

23 March 2016

Augusta Funds Management Limited

This valuation has been prepared for Augusta Funds Management Limited for the purpose of mortgage security and for the purposes of the limited partnership that is proposed to acquire the property and for use by prospective investors (on a non-reliance basis) in that limited partnership.



Executive Summary

Building A, 4 Graham Street, Auckland

The property provides a 5 Star Green star designed commercial office building of six levels providing a net lettable area of circa 11,332 sqm with basement car parking for 113 cars. A central atrium to the top floor provides good levels of natural light. There are 6 levels of office accommodation with generous floor plates of circa 1,890 sqm.

The property is situated on Graham Street and has good profile and exposure. Levels 3 - 5 achieve good views north towards the Waitemata Harbour.

The property is leased to three major tenants being APN Holdings NZ Limited, Pernod Ricard and Meredith Connell. The vendor has provided an underwrite over the vacant areas for a lease term of 9 years with fixed annual increases. The property provides a WALT of 12.38 years.

In addition Mansons warrants to the Purchaser that with limited exceptions no Capital Expenditure will be required to be incurred by the Purchaser prior to February 2026.

Valuation

Prepared For	Augusta Funds Management Limited
Valuation Purpose	Market Valuation for the purpose of mortgage security and for the purposes of the limited partnership that is proposed to acquire the property and for use by prospective investors (on a non-reliance basis) in that limited partnership.
Date of Valuation	23 March 2016
Valuation Approaches	Capitalisation of Net Income and Discounted Cash Flow Approach
Zoning	SMA 3 (Victoria Quarter) – Auckland Council District Plan – Operative Auckland City – Central Area Section 2005
Tenure	Fee Simple – Computer Freehold Register 708753
Interest Valued	100% Freehold Interest
Adopted Value	$119,850,000 plus GST (if any)

Property Particulars

Net Lettable Area	Total	11,332 sqm
	Office	11,098 sqm
	Other	234 sqm
Current Vacancy (% Total NLA)		0 sqm (0.00%)
Car Parking (Ratio)		113 bays (1:100)
Site Area		2,260 sqm

Financial Summary

Gross Passing Income	$8,397,841	($741 /sqm)
Gross Market Income	$7,918,232	($699 /sqm)
Adopted Outgoings	$963,178	($85 /sqm)
Net Passing Income	$7,434,664	($656 /sqm)
Net Market Income	$6,955,054	($614 /sqm)
Weighted Average Lease Term (by Income)		12.38 years
Weighted Average Lease Term (by Area)		12.41 years

Cap Approach Assumptions

Adopted Cap Rate	6.00%
Discount Rate (PV of Adjustments)	6.00%
Discount Rate (Other Income)	8.75%
Allowances for Expiries Occurring within	24 months
Allowances for Capex Occurring within	24 months
Market Income Capitalisation	$120,003,000
Passing Income Capitalisation	$119,880,000

DCF Approach Assumptions

Discount Rate	8.75%
Terminal Yield	6.50%
Adopted Lease Term (Office)	6.0 years
Weighted Rental Growth (Avg. 10yr)	3.67%
CPI (Avg. 10yr)	2.19%
Value based on DCF Approach	$119,622,000

Valuation Analysis

Equivalent Yield	6.01%	Rate/sqm of NLA	$10,577/sqm
Initial Yield (Net Passing Income)	6.20%	Internal Rate of Return (10 year)	8.72%
Initial Yield (Notional Fully Leased Income)	6.20%		

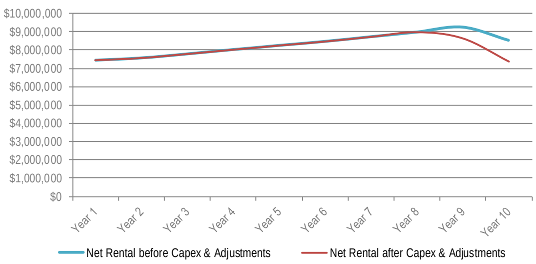
Financial Details & Critical Analysis

Tenancy Overview

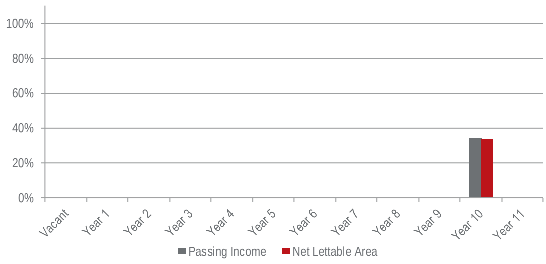
Tenant	Net Income	Area (sqm)
APN Holdings NZ Limited	$3,470,302	5,485
Other	$3,932,676	5,847
Total	$7,402,978	11,332

Tenant by Lettable Area

Projected Net Cash Flow



Lease Expiry Profile



Valuers

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Property Performance

Market Performance

- Overall CBD core office vacancy currently sits at around 5.5% with prime vacancy at a historic low of 1.8%.
- The remaining space in the Prime segment of the market is expected to be quickly absorbed over the short-term with rentals expected to see strong upward movements shortly thereafter. This demand is likely to then move into the Secondary space, which will boost the market and drive the next phase of the development cycle.
- Rental incentives have continued to decline, generally sitting around 1 month per year of lease.
- Yields in the Prime end of the market have continued to compress, now averaging 7.0%, with secondary yields averaging 7.25%.
- The market for CBD and fringe office is expected to continue to improve over the next 12 months.

Asset Performance

- The property is situated along the northern alignment of Victoria Street West on the western periphery of Auckland's CBD. The property is located within an area known as Victoria Quarter which has become a popular commercial location with occupiers in the area including large tenants such as NZ Post, Spark, Oracle and Kordia.
- The property is zoned Western Strategic Management Area (SMA3) – Victoria Quarter under the current district plan and will be zoned City Centre under the proposed Unitary Plan.
- The improvements comprise a six level interlinked commercial building, providing office accommodation and basement car parking.
- The property is designed to achieve a 5 Star Green Star rating.
- Located nearby public transport links and motorway access.

Cash Flow Performance

- The property is currently occupied by three major tenants being APN Holdings NZ Limited, Pernod Ricard and Meredith Connell.
- Our adopted office market rents reflect an overall rate of $556 per square metre.
- We have not been supplied with an opex budget and have adopted annual outgoings of $85 per square metre which is towards the lower end of the range of the market parameters for this type of building.
- The property has a WALT of 12.38 years.

Critical Assumptions, Conditions and Limitations

In addition to any other assumptions, conditions and limitations contained within this report, our valuation is based on the following:

- The valuation is current as at the date of valuation only, being 23 March 2016. The value assessed herein may change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property).
- We do not accept liability for losses arising from such subsequent changes in value. Without limiting this statement, we do not accept any liability where this valuation is relied upon more than three months after the date of valuation, or earlier if you become aware of any factors that may have any effect on the valuation.
- This report is relevant at the date of preparation and to the circumstances prevailing at that time. However, within a changing economic environment experiencing fluctuations in interest rates, inflation levels, rents and global economic circumstances, acceptable returns on investment may, as a consequence, be susceptible to future variation. We therefore recommend that before any action is taken involving an acquisition, disposal or other transaction more than three months after the date of this report, you consult the Valuer.
- This valuation has been completed for the specific purpose stated in this report. No responsibility is accepted in the event that this report is used for any other purpose.
- Our valuation assumes the information provided by the instructing party or its agents is correct and we reserve the right to amend our calculations, if deemed necessary, if that information is incorrect.
- Our valuation assumes all other professional/consultancy advice provided and relied upon is true and correct.
- We have relied on building areas, income figures and expense figures as provided by the instructing party or its agents and made specified adjustments where necessary. Where possible these have been verified through lease documentation and physical measurements.
- Unless otherwise stated all property measurements are in conformity with the Guide for the Measurement of Rentable Areas issued by the Property Council of New Zealand. Where certified areas have not been provided we have normally undertaken measurement in accordance with Property Council of New Zealand Standards.
- We have relied on the land dimensions and areas as provided in the Certificate of Title as searched. In certain cases physical checking of land dimensions and areas is difficult or not practical due to proximity of adjoining buildings, steep terrain or inaccessible title boundaries. Jones Lang LaSalle accepts no responsibility if any of the land dimensions or the area shown on title is found to be incorrect.
- Our valuation is made on the basis that the property is free of further caveats, mortgages, charges and other financial liens and that there are no memorials, encumbrances, restrictions or other impediments of an onerous nature which will affect the value other than those stated in the report or registered on the Certificate of Title.
- Enquiries as to the financial standing of actual or prospective tenants are not normally made unless specifically requested. Where properties are valued with the benefit of leases it is therefore assumed that the tenants are capable of meeting their obligations under the lease and that there are no arrears of rent or undisclosed breaches of covenant.
- In the case of buildings where works are in hand or have recently been completed Jones Lang LaSalle does not normally make allowance for any liability already incurred but not yet discharged in respect of completed works or obligations in favour of contractors, sub-contractors or any members of the professional or design team.
- No enquiries in respect of any property, or of any improvements erected thereon, has been made for any sign of timber infestation, asbestos or other defect, whether latent, patent, or structural.
- We have undertaken a visual inspection in respect of any building valued, but must advise that we have not commissioned structural surveys or tested any of the services and are therefore unable to confirm that these are free from defect. We note further that we have not inspected unexposed or inaccessible portions of any building and are therefore unable to certify that these are free from defect.
- We note we are not experts in relation to assessing the condition of the building structure and cladding, or in assessing the impact or otherwise of water/weather penetration issues. Should the building prove to have structural or weather penetration issues we reserve the right to amend the valuation assessment and any recommendations contained within this report.
- Any elements of deterioration apparent during our consideration of the general state of repair of building/s has been noted or reflected in our valuation. We are however, unable to give any warranty as to structural soundness of any building and have assumed in arriving at our valuation that there are no structural defects or the inclusion of unsatisfactory materials.

- In preparing the valuation it has been assumed that items such as lifts, hot and cold water systems, electrical systems, ventilating systems and other devices, fittings, installations or conveniences as are in the building are in proper working order and functioning for the purposes for which they were designed, and conform to the current building, fire and government regulations and codes.
- Information on town planning and resource management is often obtain verbally from the local planning authority and if assurance is required Jones Lang LaSalle recommends that verification is sought from the relevant authority that confirms the position is correctly stated within this report, that the property is not subject to other decisions or conditions prescribed by public authorities and that there are no outstanding statutory notices.
- Jones Lang LaSalle's valuations are prepared on the basis that the premises (and any works thereto) comply with all relevant statutory regulations including the Building Act 2004 and the requirements of Territorial Authorities. Where we have obtained a Land Information Memorandum, we comment on this within our report. Where we have not obtained a Land Information Memorandum our valuation is therefore undertaken with the assumption that there are no outstanding requisitions.
- Non-residential valuations are (unless otherwise stated) carried out on the basis that the valuation is plus GST (if any). Residential property valuations are (unless otherwise stated) carried out on the basis that the valuation includes GST (if any).

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Appendices

1 Introduction

1.1 Instructions

We refer to recent instructions requesting that we undertake a market valuation of Building A, 4 Graham Street, Auckland (the Subject/Property), as at 23 March 2016 for and on behalf of Augusta Funds Management Limited. We understand that the valuation is to be relied upon for the purpose of mortgage security and for the purposes of the limited partnership that is proposed to acquire the property and for use by prospective investors (on a non-reliance basis) in that limited partnership.

Our report has been prepared in accordance with the current Australia and New Zealand Property Institute's Valuation Standards and the instructing parties valuation brief, and we confirm that the prime signatory:

- is independent of both the Instructing Party and Report Recipient;
- is authorised, under The Valuers Act 1948 to practise as a Valuer;
- is suitably registered and qualified to carry out valuations of such property;
- has no pecuniary interest that could reasonably be regarded as being capable of affecting that person's ability to give an unbiased opinion of the Property's value or that could conflict with a proper valuation of the Property;
- has satisfied professional education requirements and has experience in the location and category of property being valued or where applicable, has sought the advice of suitably qualified professionals who hold locational expertise; and
- has made a personal inspection of the property.

Furthermore we confirm:

- the statements of fact presented in the report are correct to the best of the Valuers knowledge;
- the analyses and conclusions are limited only by the assumptions and conditions which follow within this report;
- the firm, Jones Lang LaSalle and the undersigned Valuers do not have a direct or indirect pecuniary interest in the subject property;
- the professional fee charged in relation to this assignment has not been contingent upon any aspect of this report;
- the valuation contained herein has been performed in accordance with PINZ / NZIV Codes of Ethics and Conduct;

Our report is confidential to the party or parties to which it is addressed, for the specific purpose to which it refers. No responsibility is accepted to any third parties. Neither the whole of the report or any part of it or any reference to it, may be published in any document, statement or circular or in any communication with third parties without our prior written approval of the form and context in which it will appear.

1.2 Valuation and Inspection Dates

The Property was inspected on 23 March 2016, which is also our date of valuation.

1.3 Basis of Valuation

Market Value

The value given herein is that of the market value of the Property as defined by the International Valuation Standards Committee (IVSC), and endorsed by the API and PINZ, which is as follows:

"Market Value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

We confirm that this valuation has been undertaken on the basis of the price that might reasonably be expected if the Property was sold at the date of valuation assuming:

- a willing, but not anxious, buyer and seller;
- a reasonable period within which to negotiate the sale, having regard to the nature and situation of the Property and the state of the market for property of the same kind;
- that the Property was reasonably exposed to that market;
- that no account is taken of the value or other advantages or benefit additional to market value, to the buyer incidental to ownership of the property being valued;
- that the current proprietor has sufficient resources to allow a reasonable period for the exposure of the Property for sale; and
- that the current proprietor has sufficient resources to negotiate an agreement for the sale of the Property.

Included within this valuation are lessor-owned items of building fixtures, fittings, plant and equipment. These items exclude all movable equipment, furniture, furnishings and tenant owned fit-out and improvements.

1.4 Relevant Valuation Standards & Disclosures

The valuations contained herein have been completed in accordance with current Australia and New Zealand Valuation and Property Standards, and in particular with:-

- IVS (International Valuation Standards 2013) Framework and General Standards
- ANZVGN 1 – Valuation Procedures – Real Property
- ANZVGN 2 – Valuations for Mortgage & Loan Security Purposes

1.5 Information Sources

The information reviewed or previously provided includes, but is not limited to, the following:

- Certificate of Title particulars memorialised by Land Information New Zealand;
- Resource Management classifications and controls as stated within the District Plan of the governing Territorial Local Authority;
- Sales and leasing data from various industry sources, including sales and leasing real estate agents;
- Market research and forecasts from Jones Lang LaSalle Research; and
- Lease documentation, building areas, income and expenditure report, tenancy schedule and budgets supplied by the instructing party or managing agent.

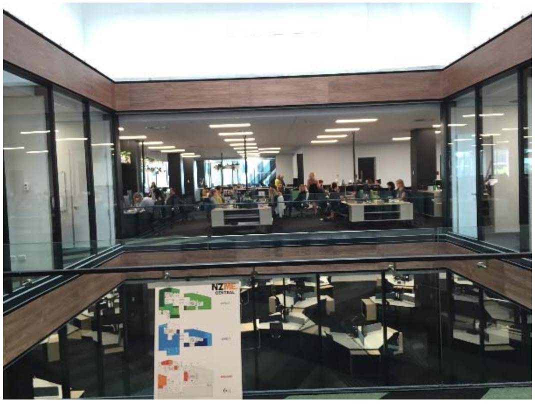
Our valuation is based on a significant amount of information which is sourced from the instructing party or managing agent and other third parties, including but not limited to tenancy schedules, operating cost budgets, title, site, environmental and planning documents. We have relied upon the accuracy, sufficiency and consistency of the information supplied to us. Jones Lang LaSalle accepts no liability for any inaccuracies contained in the information disclosed by our client or other parties, or for conclusions which are drawn either wholly or partially from that information. Should inaccuracies be subsequently discovered, we reserve the right to amend our valuation assessment.

2 Property Description

Building A at 4 Graham Street has been designed to achieve a 5 Star Green star rating and forms an interlinked commercial office building of six levels together with basement car parking for 113 cars. A central atrium to the top floor provides good levels of natural light. There are 6 levels of office accommodation with generous floor plates.

The property is situated on Graham Street and has good profile and exposure. Levels 3 - 5 achieve good views north towards the Waitemata Harbour.

The property is currently leased by three major tenants being APN Holdings NZ Limited, Pernod Ricard, and Meredith Connell. There is a vendor underwrite over level 4 and includes signage rights and a total of 15 carparks plus 7 balance carparks which are leased by the vendor to Les Mills.



Office Accommodation

Outlook

3 Land Particulars

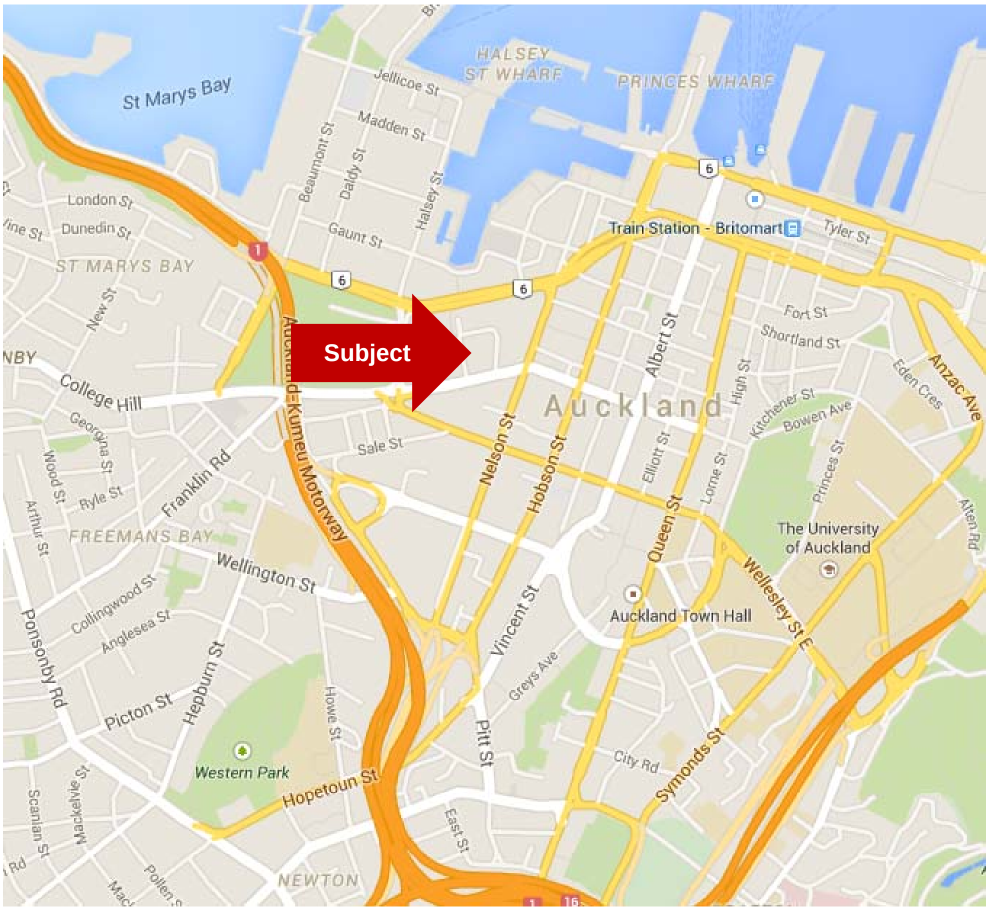
3.1 Location

The development is situated along the northern alignment of Victoria Street West being approximately 300 metres west of Nelson Street on the western fringe of Auckland's CBD. The property is located within an area known as Victoria Quarter which has become a popular fringe commercial CBD location, characterised by a growing commercial presence particularly low to mid rise purpose built office buildings. Immediately adjacent the development is the Courier Post building with postal facilities and situated on the opposite side of Victoria Street West is 162 Victoria Street. Opposite the subject are the recently completed Spark Central campus style buildings.

Construction has begun on the Goodman and Fletcher development site which is to comprise up to five buildings on the leasehold site bound by Fanshawe, Daldy, Gaunt and Halsey Streets in the western periphery of the CBD new Wynyard Quarter.

Access to and from the motorway network, in both the north and south directions, is situated within one kilometre of the subject property, while the CBD and its main retail precinct is situated approximately one kilometre to the east. The subject property is within easy walking distance from the City Centre and shops, Viaduct basin and the redeveloped Victoria Park Market. The proposed Sky City Convention Centre will be situated nearby and will cater for 3,500 international conference delegates at any one time and attract an estimated 33,000 more delegates each year.

The following map identifies the approximate location of the Property:



Source: Google Maps

3.2 Title Particulars

Title Reference:	708753
Tenure:	Fee Simple
Legal Description:	Lot 3 and a 181/500 share of Lot 1 Deposited Plan 490577
Registered Proprietor(s):	Mansons Properties (151 Victoria) Limited
Interests:	The Computer Freehold Register details the following interests: • Subject to Section 27B State-Owned Enterprises Act 1986 (which provides for the resumption of land on the recommendation of the Waitangi Tribunal and which does not provide for third parties, such as the owner of the land, to be heard in relation to the making of any such recommendation). • 9508255.3 Covenant pursuant to Section 108(2)(d) Resource management Act 1991 • 9508255.5 Consent Notice pursuant to Section 221 Resource Management Act 1991 • Subject to a structural support easement over part Lot 1 DP 490577 marked B and C on DP 490577, a fire separation easement over part Lot 1 DP 490577 marked DA, DJ and I on DP 490577, and a party wall easement over part Lot 1 DP 490577 marked G on DP 490577 created by easement instrument 9508255.6 • Appurtenant hereto is a right to fire separation and a party wall easement created by Easement Instrument 9508255.6 • The easements created by Easement Instrument 9508255.6 are subject to Section 243 (a) Resource Management Act 1991 • 9977428.1 Mortgage to ASB Bank Limited • Subject to a right (in gross) to convey electricity over Part Lot 1 DP490577 marked AZ, BZ, CZ and DZ on DP 490577 in favour of Vector Limited created by Easement Instrument 10050978.1 • 10169361.3 Variation of the conditions of the fire separation easement marked DJ, DA, I DP 490577 created by Easement Instrument 9508255.6 • Subject to Section 241(2) Resource Management Act 1991 • Subject to a right of way over part Lot 1 DP 490577 marked F and O on DP 490577, a pedestrian right of way over part Lot 1 DP 490577 marked A on DP 490577, and a parking easement over part Lot 1 DP 490577 marked R, S, T, U, V, W, X and Y on DP 490577created by easement instrument 10169361.5 • Appurtenant to Lot 1 DP 490577 is a pedestrian right of way created by easement Instrument 10169361.6 • Subject to a plant (building services) easement over part Lot 3 DP 490577 marked L on DP 490577 created by Easement instrument 10169361.7 • Appurtenant to Lot 3 DP 490577 is a plant (building services) easement, a structural support easement, and a fire appliance easement created by easement instrument 10169361.7 • Some of the easements created by Easement instrument 10169361.7 are subject to Section 243 (a) Resource Management Act 1991 • Subject to a pedestrian right of way (in gross) over part Lot 1 DP 490577 marked DJ and JA on DP 490577 in favour of Auckland Council created by Easement Instrument 10169361.8 • The easements created by easement instrument 10169361.8 are subject to Section 243 (a) Resource Management Act 1991 • 10169361.9 Encumbrance to Auckland Council • 10169361.10 Mortgage Priority Instrument making Encumbrance 10169361.9 first priority and mortgage 9977428.1 second priority • Appurtenant to Lot 1 DP 490577 is a signage easement created by Easement Instrument 10169361.11 • 10169361.13 Encumbrance to Mansons Properties (151 Victoria) Limited

Source: Land Information New Zealand, 23 March 2016

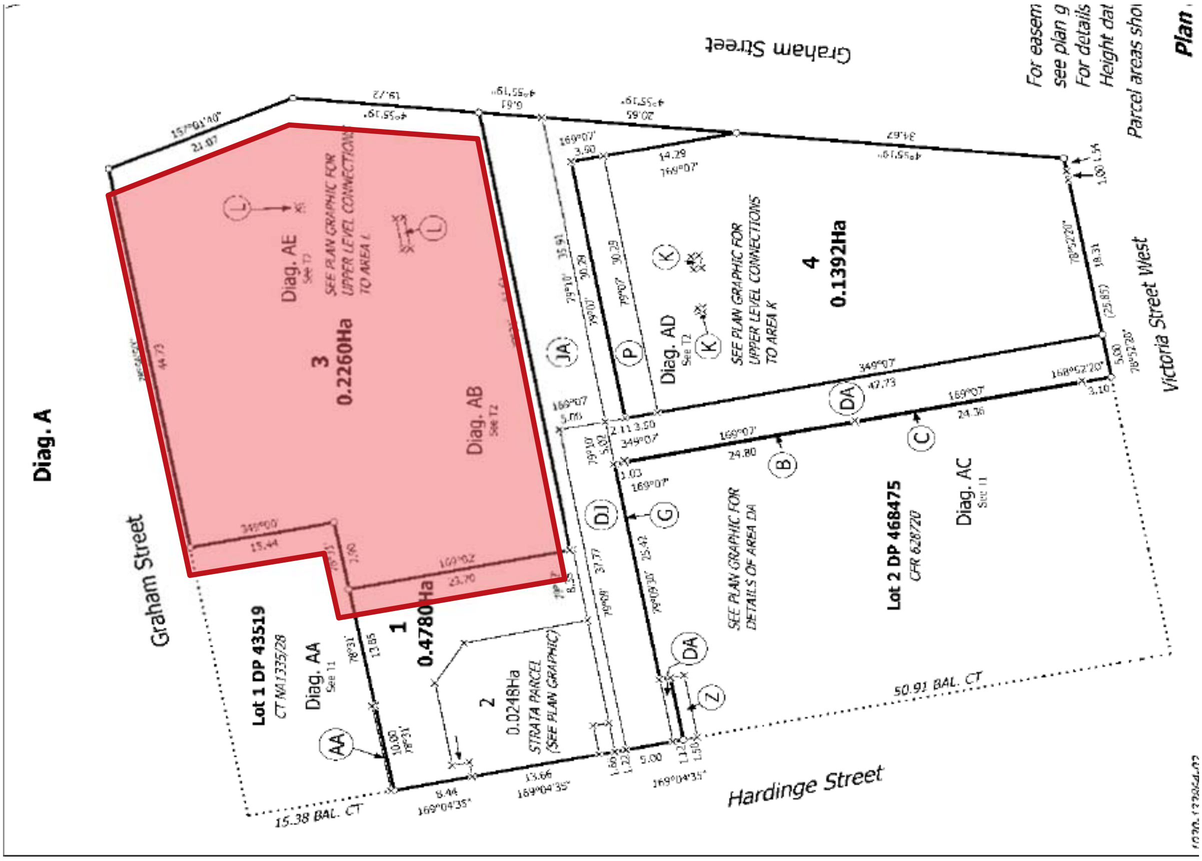
We have considered all of the registered interests in arriving at our opinion of value.

Our valuation is made on the basis that the Property is free of any further unregistered encumbrances, restrictions, mortgages, charges, and other financial liens or other impediments of an onerous nature, which would affect value.

3.3 Site Details

The site comprises a slightly irregular shaped site with frontages to Graham Street to the north (44.73 metres) and east (40.79 metres). Improvements occupy the majority of the site. The contour of the site is essentially level. The red area denotes the subject building footprint. In addition, the property includes a 181/500 share of Lot 1.

Site Area:	Subject Building Site Area (red part):	2,260 sqm



Source: Certificate of Title

3.4 Resource Management

Local Authority:	Auckland Council
Planning Instrument:	Auckland City District Plan – Central Area Section
Operative Date:	Operative in Part January 2005
Zoning:	Western Strategic Management Area (SMA3) – Victoria Quarter
Objectives:	The Western Strategic Management Area slopes westward from Hobson Ridge towards Freemans Bay and the harbour. It accommodates a variety of low and medium intensity activities requiring good road access and deriving benefit from close proximity to the Core SMA. The objectives of the Western Strategic Management Area are as follows:- • To provide for an environment that emphasises commercial, entertainment, recreational, tourist, cultural, and residential activities in order to achieve vitality while managing the significant adverse effects of activities on each other, on public spaces in the Western SMA and on the sustainability of the Central Area; • To provide for an urban form which maintains a transition in scale of development and accentuates views across the Western SMA between Hobson Street Ridge and the harbour edge; and • To maintain and improve accessibility to, from and within the SMA, the motorway and key arterial routes and to improve the gateway status of the Western SMA. Within SMA3, the property is located within the Victoria Quarter precinct. The Victoria Quarter ('The Quarter') represents the western part of the Central Area, bound by Hobson Street, Fanshawe Street, Union Street and Victoria Park. The Quarter is formed around a north west facing basin formation rising from Victoria Park to the Hobson Street and Union Street ridgelines. This natural topography and orientation provides views to and from the Waitemata Harbour, the Harbour Bridge, Victoria Park and good access to sunlight. There are a number of specific objectives relating to built form within the precinct as well as the following:- • The protection and enhancement of scheduled heritage buildings and identified heritage features in the Quarter; • A diverse mix of businesses and residential activity which complements the Queen Street Valley Precinct and enhances the vitality and interest of the Quarter while at the same time managing conflicts between different uses and providing amenity for occupants; • To enhance the Quarter as an attractive, safe and comfortable environment that meets the open space needs of current and future residential and commercial occupants; • A safe, pleasant, convenient and interesting environment which maximises pedestrian use, improves connectivity and which avoids the interruption of street frontages; • Urban development incorporating sustainable design principles to enhance the natural environment; and • Maintain or enhance the safety and capacity of the internal and wider road network.

Development Controls:	Additionally the property is zoned part pedestrian orientated (Victoria Street West frontage) and part less pedestrian orientated (rear part of site). These zonings affect the permissible activities with the Permitted Activities within both pedestrian areas including (but are not limited to): • Food and beverage • Offices • Retail • Entertainment/gathering • Education • Community care facilities and emergency services *Intensity* The property has a basic floor area ratio of 3:1 and a maximum floor area ratio of 4:1. *Maximum Height* The maximum height under the Quarter Plan in 24 metres. The property is also located within the Mt. Eden view corridor for which specific height controls apply – restricting the maximum height to circa 72 metres (therefore essentially not effective due to tighter restrictions imposed by the Quarter Plan). *Frontage* Type A – 13 metres - the frontage height of the building shall not be less than 13 metres above mean street level.

The existing improvements would appear to comply with the resource management requirements of the site. Further we have assumed that the property benefits from existing use rights or has an applicable Resource Consent.

Proposed Auckland Unitary Plan

Local Authority:	Auckland Council
Planning Instrument:	Auckland Council Unitary Plan (proposed 2014)
Zoning:	City Centre
Objectives:	The City Centre zone aims to maintain and enhance the vibe of the city centre. The zone permits a wide range of activities to establish in most parts of the city centre. The zone also manages activities that have the potential to adversely affect the amenity of the city centre or that have the potential to generate reverse sensitivity effects on identified marine and port activity areas. The objectives of the zone are: • The city centre is a globally significant centre for business. • The city centre is an attractive place to live, work and visit with a 24-hour vibrant and vital business, entertainment and retail areas. • Development in the city centre is managed to accommodate growth and the greatest intensity of development in Auckland and New Zealand while respecting its valley and ridgeline form and waterfront setting. • The distinctive built form, scale, identified historic character and functions of particular areas within and adjoining the city centre are maintained and enhanced. • A hub of an integrated regional transport system is located within the city centre and the city centre is accessible by a range of transport modes.

Development Controls:	Maximum Building Height:	30 metres
	Minimum Frontage Height:	13 metres
	Site Intensity:	BFAR 3:1, MTFAR 4:1
Overlays:	• Designations - Airspace Restriction Designations • Volcanic Viewshafts and Height Sensitive Areas - Extent of Volcanic Viewshafts [rps]	

3.5 Rateable Value

We note that the property's rateable value has not yet been assessed.

Capital Value, defined by S2(1) Rating Valuations Act 1998, is the sum that the owner's estate or interest in the land, if unencumbered by any mortgage or other charge, might be expected to realise at the time of valuation if offered for sale on such reasonable terms and conditions as a bona fide seller might be expected to require.

We note however that rating valuations do not take account of a number of key issues affecting value, and are often assessed on an indexed or kerb-side basis. Accordingly market and rating values may vary significantly.

We assume upon completion, a new rating valuation will be issued reflecting the development upon the site.

3.6 Environmental Issues

During the course of our inspection we did not notice any evidence of land or building contamination. Importantly, however, we are not experts in the detection or quantification of environmental problems and we have not sighted an Environmental Audit.

Our valuation has been made assuming an audit would be available which would satisfy all relevant environmental, and occupational health & safety legislation. If the Property's current status needs to be clarified, an Environmental Audit should be undertaken and should any subsequent investigation show that the site is contaminated, this valuation may require revision. Our valuation excludes the cost to rectify and make good the Property, which may have become contaminated as a result of past and present uses.

3.7 Heritage

We have not undertaken any formal heritage searches; the property is not notified on the District Plan as being a heritage structure and our valuation is made on the assumption that there are no heritage issues relating to the Property. If any heritage issues are found to relate to the Property, we reserve the right to review our valuation.

4 Improvements

4.1 Overview

The improvements comprise a six level commercial building providing a total of 11,332 sqm of office accommodation and 113 secure basement car parks. The property has a 5 Star Green rated design.

Lobby

External View

4.2 Construction

We briefly outline construction details to the building as follows:

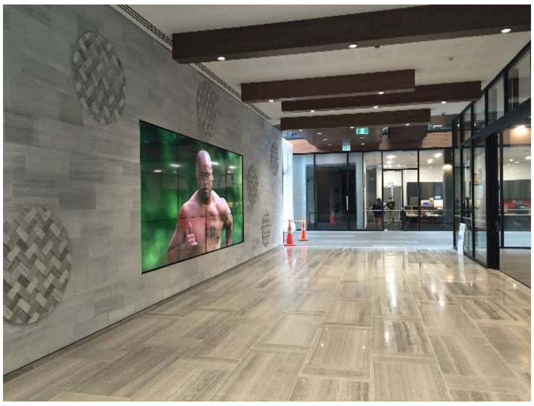
Structure:	Reinforced concrete slabs and columns, with concrete beam construction
External Walls:	Aluminium and structural glazing façade system
Internal Walls:	Assumed plasterboard lining to lettable areas where applicable
Roof:	Reinforced concrete slab with a waterproof membrane.
Ceiling:	Suspended tiles in a suspended grid system
Lighting:	Recessed fluorescent lighting
Windows and doors:	Aluminium framing and glazed windows

4.3 Accommodation

Ground Floor:

Building A provides ground floor entrance lobby, a walkthrough and some office accommodation. The space presents with tile floor coverings to the lobby and walkthrough with carpeting to the office accommodation. Glass partitioning to the offices provides good levels of natural light throughout the building.

Lifts



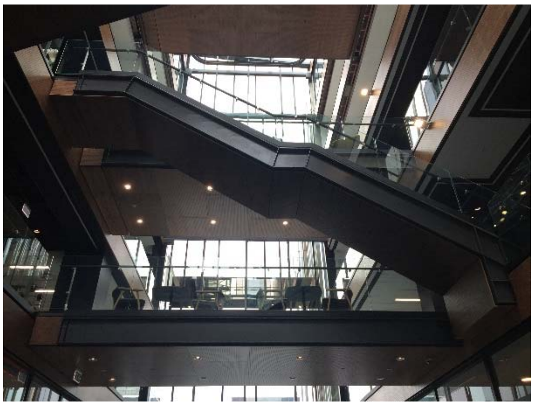
Lobby

Office Space:

The office space is provided with carpet floor coverings, plasterboard lined walls with glass partitioning, 3.10 metre stud heights, suspended ceilings in a grid and recessed fluorescent lighting. Male and female amenities are provided to each floor.

A central atrium through building A and the full height glazing provides good levels of natural light.

An atrium between the subject property and the adjacent building (Building B) provides interconnecting air bridges to allow direct access between buildings levels.



Interconnecting bridges

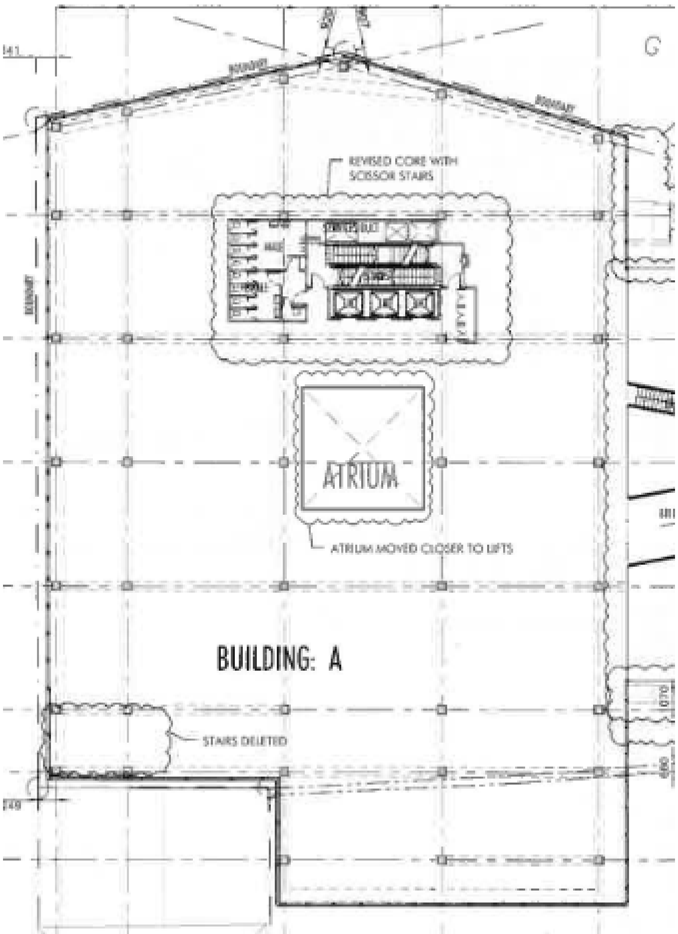
Office Accommodation

Basement Levels:

113 secure covered parks are provided over two levels with direct lift access to the office levels. Secure bike parking is also provided with lockers and showers.

4.4 Floor Plans

We provide below sample floor plans:



Floor Plans for Levels 1 - 5

4.5 Lettable Areas

The Property's total Net Lettable Area (NLA) is approximately 11,332 square metres. A summary of this lettable area is detailed as follows:

Accommodation / Level	
Ground	1,698
Level 1	1,897
Level 2	1,889
Level 3	1,836
Level 4	1,889
Level 5	1,887
Storage	215
Basement	19
Insert/Delete Subtotals Where Needed	11,332 square metres
Total NLA	11,332 square metres
Car parking	
Secure spaces	113
Total Car parking	113 spaces

The areas noted above have been adopted from tenancy schedules provided and we have been informed that the property has been subject to final measurement. We have assumed the areas noted above are correct and are measured in accordance with the Guide for the Measurement of Rentable Areas as published by the Property Institute and Property Council of New Zealand.

4.6 Condition and Repair

Given the new build nature, the building has been completed to a high standard in a workman like manner and there are no outstanding items of maintenance required.

We have assumed that no deleterious materials have been used in the construction.

We have assumed that an annual Building Warrant of Fitness is current as at the date of valuation. We note that the building has several features that impose a requirement to obtain an annual Building Warrant of Fitness.

4.7 Earthquake Strengthening Requirements

Following recent events around the Christchurch region, more focus has been placed on seismic ratings of buildings, particularly in those areas known to be at risk of earthquakes. The Building Act 2004 required Councils to adopt an earthquake prone building policy to ensure all earthquake prone buildings are either strengthened to at least meet the minimum prescribed standard, or are demolished. Policies vary between Councils and often depend on the date of construction as to the course of action undertaken.

We understand the building has been designed to the latest NZ building standard NZ 1170 and was designed to 100% of the required loadings including seismic requirements.

5 Property Income and Expenditure

5.1 Tenancy Overview

We have been provided with a tenancy schedule that was available at the time of valuation, together with the lease documentation provided.

The tenants within the Property are summarised as follows:

Tenant	Net Income	NLA	% NLA
1. APN Holdings NZ Limited	$3,470,302	5,485	48.4%
2. Other	$3,932,676	5,847	51.6%
Total	$7,402,978	11,332 m²	100%

5.2 Lease Summaries

We have sighted the Deeds of Lease between Mansons Properties (151 Victoria) Limited as Landlord and APN Holdings NZ Limited as Lessee dated 1 November 2015. We summarise below the salient lease details:

Deed of Lease	APN Holdings NZ Limited	
Lessee	APN Holdings NZ Limited	
Premises	Those parts of the building at 4 Graham Street, Auckland comprising that area on the ground floor being 1,698.18 sqm and including the media display system and the security/inwards goods room.	
Lettable Area	Ground Floor	1,698.18 sqm
	Naming Rights	
	Car Parks	22 spaces
	Storage B	30.77 sqm
	Storage E	49.50 sqm
	Basement Store	18.87 sqm
Commencement Date	1 November 2015	
Expiry Date	31 October 2030	
Lease Term	15 years with two further terms of six years each	
Commencement Rent	$1,221,686.55 pa plus GST	
Rental Review Provisions	Fixed 3% annual increases from the second anniversary of the commencement date with reviews to market on renewal	
Outgoings Recovery	Net Lease	
Permitted Use	Commercial offices, broadcasting, and media and entertainment and uses ancillary thereto	

Deed of Lease	APN Holdings NZ Limited	
Lessee	APN Holdings NZ Limited	
Premises	Those parts of the building at 4 Graham Street, Auckland comprising that area on the first floor being 1,897.08 sqm.	
Lettable Area	Level 1	1,897.08 sqm
	Car Parks	18 spaces
Commencement Date	1 November 2015	
Expiry Date	31 October 2030	
Lease Term	15 years with two further terms of six years each	
Commencement Rent	$1,189,101 pa plus GST	
Rental Review Provisions	Fixed 3% annual increases from the second anniversary of the commencement date with reviews to market on renewal	
Outgoings Recovery	Net Lease	
Permitted Use	Commercial offices, broadcasting, and media and entertainment and uses ancillary thereto	

Deed of Lease	APN Holdings NZ Limited	
Lessee	APN Holdings NZ Limited	
Premises	Those parts of the building at 4 Graham Street, Auckland comprising that area on the first floor being 1,889.30 sqm.	
Lettable Area	Level 2	1,889.30 sqm
	Car Parks	18 spaces
Commencement Date	1 November 2015	
Expiry Date	31 October 2030	
Lease Term	15 years with two further terms of six years each	
Commencement Rent	$1,184,627.50 pa plus GST	
Rental Review Provisions	Fixed 3% annual increases from the second anniversary of the commencement date with reviews to market on renewal	
Outgoings Recovery	Net Lease	
Permitted Use	Commercial offices, broadcasting, and media and entertainment and uses ancillary thereto	

We are not aware of any incentives that have been provided to APN Holdings NZ Limited.

We have also been made aware of three other tenants, being Pernod Ricard, Vendor Underwrite and Meredith Connell, who occupy (or will, in the case of the Vendor Underwrite, lease) levels 3, 4 and 5 of the building. These leases are outlined below:

Deed of Lease	Pernod Ricard Winemakers New Zealand Limited	
Lessee	Pernod Ricard Winemakers New Zealand Limited	
Premises	Level 3, three storage areas and 16 car parks.	
Lettable Area	Level 3	1,836.30 sqm
	Car Parks	16 spaces
	Storage A	13.29 sqm
	Storage C	13.88 sqm
	Storage C	21.08 sqm
Commencement Date	1 March 2016	
Expiry Date	28 February 2026	
Lease Term	10 years	
Rental Review Provisions	Fixed 3% annual increases on each anniversary of the commencement date with reviews to market on renewal	
Outgoings Recovery	Net Lease	

Draft Deed of Lease	Mansons Property (151 Victoria) Limited (Vendor Underwrite)	
Lessee	Mansons Property (151 Victoria) Limited	
Premises	Level 4 and 15 car parks & Signage	
Lettable Area	Level 4	1,890.50 sqm
	Car Parks	15 spaces
Commencement Date	1 April 2016	
Expiry Date	31 March 2025	
Lease Term	Nine years with a further term of six years	
Rental Review Provisions	Fixed 3% annual increases on each anniversary of the commencement date with reviews to market on renewal	
Outgoings Recovery	Net Lease	

Deed of Lease	The Equity Partners of Meredith Connell
Lessee	The Equity Partners of Meredith Connell
Premises	Office Level, storage and 17 carparks.
Lettable Area	Office Level 1,887.31 sqm Car Parks 17 spaces Storage F 86.87 sqm
Commencement Date	1 March 2016
Expiry Date	28 February 2028
Lease Term	12 years
Rental Review Provisions	Fixed 3% annual increases on the anniversary of the commencement date with reviews to market on renewal
Outgoings Recovery	Net Lease

Draft Deed of Lease	Car Parks (Les Mills) (Vendor Underwrite)
Lessee	Mansons Property (151 Victoria) Limited
Premises	7 car parks
Lettable Area	Car Parks 7 spaces
Lease Term	A term commencing on 1 November 2015 and expiring on 17 April 2020 (provided that the term of the lease may end as early as 17 April 2017 if Les Mills does not renew its lease of the car parks)
Commencement Rent	$38,220 pa plus GST or $105 pcpw
Rental Review Provisions	Fixed 3% annual increases on each anniversary of the commencement date
Outgoings Recovery	Net Lease

Licence	Embedded Network
Licensee	The Embedded Network Company Limited
Premises	Electricity Lines, meters and related equipment.
Commencement Date	1 November 2015
Expiry Date	1 November 2020
Term	5 years
Projected Net Income	$31,685.50 pa plus GST

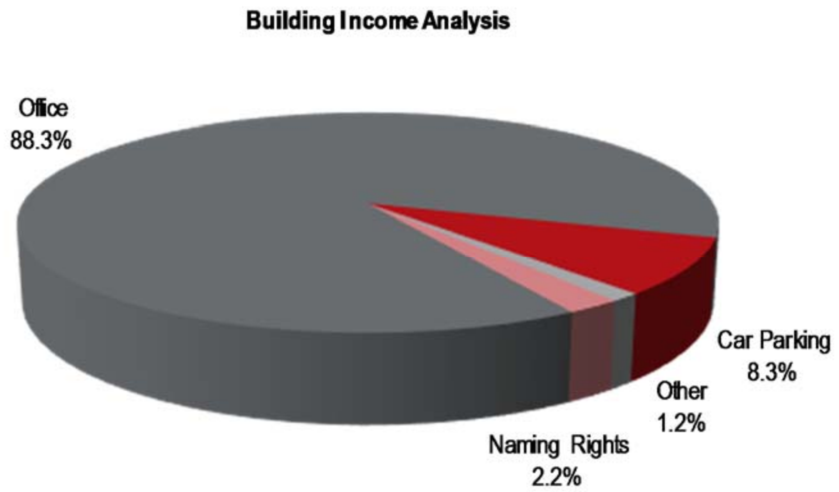
We note that the Embedded Network income has been included within our other income calculations.

We recommend that the reader peruse a copy of the Lease document/s.

5.3 Building Income Analysis

We summarise the Property's income as follows:

Passing Income Component	Net Income	% Income
Office	$6,533,493	88.3%
Car Parking	$616,980	8.3%
Other	$90,006	1.2%
Naming Rights	$162,500	2.2%
Total	$7,402,978	100%



5.4 Building Vacancy

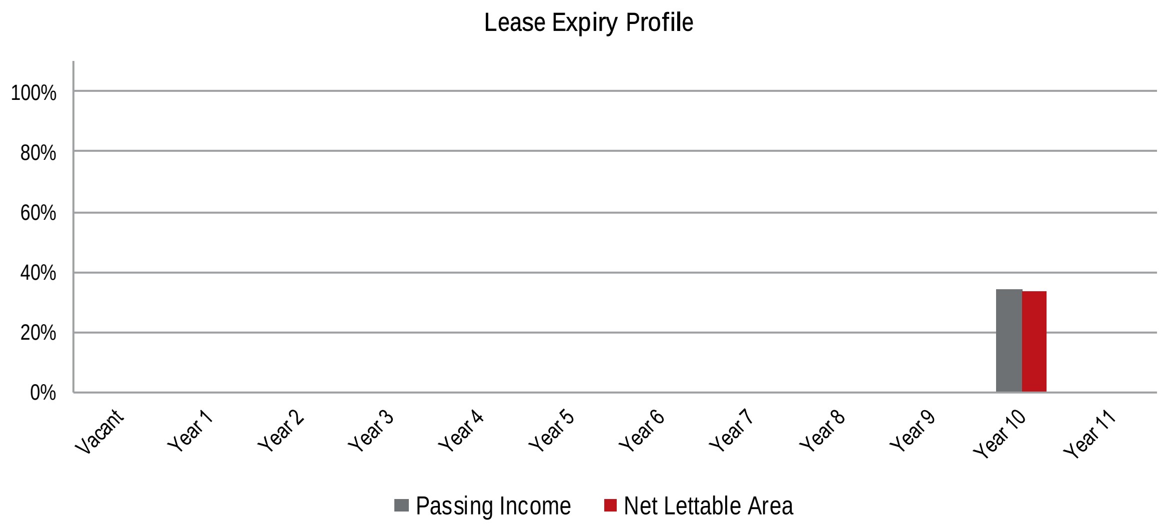
As at the date of valuation, the Property is fully occupied. There is a vendor underwrite provided by Mansons over level 4, signage rights and 15 vacant car parks.

5.5 Weighted Average Lease Term and Expiry Profile

The weighted average lease term remaining, as at the date of valuation, is:

Weighted Average Lease Term Remaining	Years
By Area	12.41
By Income	12.38

The graph below demonstrates the lease expiry profile (by income and area) over a ten year horizon:



5.6 Building Outgoings and Recoveries

Lease Structures

We have assumed future leases within the Property will be structured on a net basis, with the tenants being responsible for payment of rates and other property expenses in addition to premises rental.

Building Outgoings

We have not been provided with an outgoings budget. We have made our own estimates of outgoings which is summarised in the table below:

Category	Annual Amount	$/sqm of NLA
Operating Expenses	$963,178	$85.00
Total Outgoings	$963,178	$85.00

We have had regard to the budget provided and where applicable we have sought confirmation from the relevant rating authorities in relation to the statutory charges and have benchmarked the figures against the Property Council of New Zealand's (PCNZ) guidelines and other similar office buildings. We provide examples below:

Address	Per sqm	Year
Spark Building B, 167-191 Victoria Street West	$89.75	2014
Watercare House, 73-75 Remuera Road	$90.80	2013
GHD Centre, 27 Napier Street	$75.00	2013
Oracle, 162 Victoria Street West	$81.90	2013

We consider that the adopted outgoings rate of $85.00 per square metre of NLA to be within market parameters for a property of this nature, albeit toward the lower end of the range.

5.7 Outstanding/Remaining Incentives

We are not aware of any remaining incentives. Further, our market rents we have adopted are based on net effective rentals.

5.8 Capital Expenditure

We have been provided with a copy of the Defects and Capital Expenditure Warranty which will prior to settlement be entered into between Mansons Properties (151 Victoria) Limited and the Purchaser.

Mansons covenants in favour of the Purchaser that it will at Mansons' cost promptly:

(a) Repair or remedy any Defects that occur or become apparent to the Purchaser and are notified to Mansons during the 10 year term commencing in February 2016;

(b) Make good any damage to buildings or structures caused by any such Defect or repairs or replacements made by Mansons to remedy any such Defect.

Mansons warrants to the Purchaser that no Capital Expenditure will be required to be incurred by the Purchaser during the 10 years from February 2016.

We have therefore not allowed for any Capital Expenditure within our valuation calculations. We note that given this is a new building significant capital outlay is not anticipated. We have however allowed for $500,000 in years 9 and 10 to upgrade parts of the building to help attract new tenants and maintain cashflow levels.

Details are summarised in the table below:

Capital Expenditure Budget		
Year 1	General repairs & maintenance	$0
Year 2	General repairs & maintenance	$0
Year 3	General repairs & maintenance	$0
Year 4	General repairs & maintenance	$0
Year 5	General repairs & maintenance	$0
Year 6	General repairs & maintenance	$0
Year 7	General repairs & maintenance	$0
Year 8	End of cashflow allowance	$0
Year 9	End of cashflow allowance	$500,000
Year 10	General repairs & maintenance	$500,000
Total Scheduled Capital Works		$1,000,000

Given this is a new building significant capital outlay is not anticipated.

5.9 Income Analysis

We summarise the Property's total Passing Income and Income Fully Leased as follows:

Current Passing Rent	Amount pa	% of Passing Income
Passing Rental Analysis		
Lettable Area Rental	$5,599,520	66.68%
Carparking Rental	$535,080	6.37%
Future Lease Agreements	$1,268,379	15.10%
Other Income	$31,686	0.38%
Outgoings Recovery	$963,178	11.47%
Gross Passing Income	$8,397,841	100.00%
Outgoings	$963,178	
Net Passing Income	$7,434,664	
Potential Net Income Fully Leased	$7,434,664	

5.10 Economic Summary

The New Zealand economy is strengthening, following soft growth over the first half of 2015. Although continued weak dairy prices and instability in the global equity markets present downside risks to the New Zealand growth outlook, record high migration and robust tourism activity are driving activity. The effects of the lower interest rates and New Zealand dollar depreciation is also having an impact on many sectors of the economy.

Business and consumer confidence have recovered from their mid-year lows. Sturdier demand across the sectors has stimulated businesses to take on more staff in recent months, with the better job prospects fuelling household spending. This is reflected in the Performance of Manufacturing and Performance of Services indices, which both point to encouraging expansion in the manufacturing and services sectors.

Further growth in construction and robust demand in the tourism sector will be key driving forces for the New Zealand economy. Net migration inflows of over 60,000 in 2015 have placed further pressure on demand for housing, particularly in Auckland. Dwelling consent issuance signals strong growth in housing construction. Meanwhile, growth in white-collar jobs has further increased demand for office space. The NZIER Quarterly Survey of Business Opinion also indicates strong growth in infrastructure construction, with architects' own activity measure showing a marked increase in Government work.

Despite solid activity, inflation remains minimal in the New Zealand economy. This is partially a reflection of global developments: low global inflation, increasing globalisation, which allows businesses increasingly straightforward access to lower-cost regions, and technology that has aided low-price discovery for households. Indeed, the latest NZIER Quarterly Survey of Business Opinion shows businesses still find it very difficult to implement price increases. With activity solid and asset prices strengthening, but inflation weak, the RBNZ cut the OCR by a further 25 basis points in March 2016 and have signalled that further cuts in 2016 are possible in order to get the growth that would fuel inflation. In addition, global uncertainty presents downside risks to the interest rate outlook.

5.11 Inflation / Interest Rates

Consumer price inflation remains very low in New Zealand. Annual headline inflation for the 2015 year was only 0.1%, primarily the result of lower petrol prices and discounting of imported household goods. Firms continue to struggle to raise prices of goods as technology is making it increasingly easier to research prices and switch between retailers.

Contrasting this is the housing market, which shows additional signs of strengthening. The Auckland housing market shows signs of picking up after the let-up immediately following the new LVR restrictions targeting Auckland property investors that took effect in November. Meanwhile, housing market strength is radiating beyond Auckland. The Real Estate Institute of New Zealand (REINZ) reported record high median house prices reached in Waikato, Bay of Plenty, Hawke's Bay, Wellington, Nelson and Otago in December 2015.

The RBNZ slashed the OCR by a total of 1% over 2015, effectively reversing the OCR increases made over 2014. In the December Monetary Policy Statement (MPS), the RBNZ indicated that while there was potential for further OCR cuts, it was expected current interest rate settings will be sufficient to bring future average inflation back towards the middle of the target range of 2%.

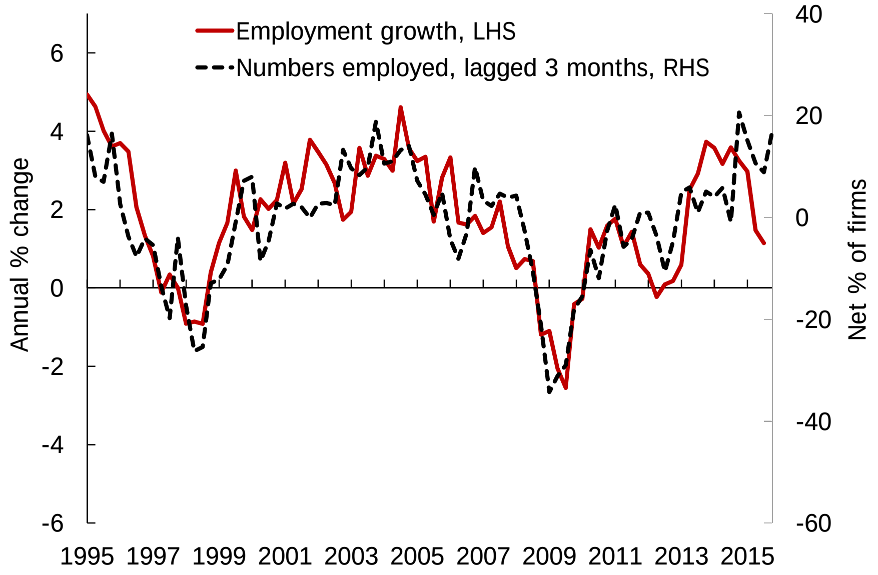
The RBNZ reduced the OCR by a further 25 basis points in March 2016 and indicated a further cut may be likely in mid-2016. We expect the OCR to drop slightly or remain on hold over the rest of 2016 and majority of 2017. Robust housing demand is driving a broadening in housing market pressures beyond Auckland. At the December MPS, it highlighted the broad range of prices, including asset prices, that it needed to take into account when formulating monetary policy. Economic activity is also strengthening. In balancing these factors, the RBNZ has signalled that the OCR will either remain on hold or drop further through 2016 given the low inflationary levels and the surrounding risks of the global economy, particularly in China.

5.12 Employment

The New Zealand labour market decelerated over most of 2015, with employment shrinking in the September 2015 quarter – against expectations of modest growth. Labour markets in Auckland and Canterbury – two key regions driving growth in the New Zealand economy in recent years – softened in Q3. Demand for business services sector jobs weakened, as lower business confidence in mid-2015 curtailed hiring plans.

However, recent indicators including hiring intentions and job advertisements point to a rebound in employment demand in late 2015. Demand is improving, and this is encouraging many businesses to increase their employment base. Auckland and Hawkes Bay are particularly strong, with signs of increased growth in employment demand in Wellington.

Hiring intentions and employment



Source: Statistics New Zealand, NZIER

5.13 Business Profits

Businesses continue to find it very difficult to raise prices, despite steady cost pressures. Margin compression continues to impact negatively on profitability and is predicted to remain problematic for retailers. A further deterioration in business profitability will see businesses rein in business investment plans.

5.14 Currency

Over the past year, the New Zealand dollar has been very volatile. After dropping suddenly in mid-2015 as the RBNZ commenced its round of OCR cuts, it staged a rebound following the December MPS when the RBNZ signalled further cuts to take the OCR below 2.5% were unlikely. Following the largely unexpected 25 basis point cut to the OCR in March 2016, the NZ Dollar depreciated less than expected. The effects of this are largely unknown however the RBNZ has forecast that the NZD will remain relatively stable or slightly depreciate in the medium term, however may appreciate if milk prices recover earlier than expected.

In 2015, risk aversion from increased concern about the global growth outlook put some downward pressure on the currency. With the US Federal Reserve lifting interest rates at the end of last year, the NZD's depreciation against the USD over 2015 has been particularly sharp, reflecting the reduced yield advantage of the NZD. Also risk aversion tends to weigh on the NZD, New Zealand's relatively strong economic prospects, relative to many major economies, may see some upward pressure on the currency in 2016.

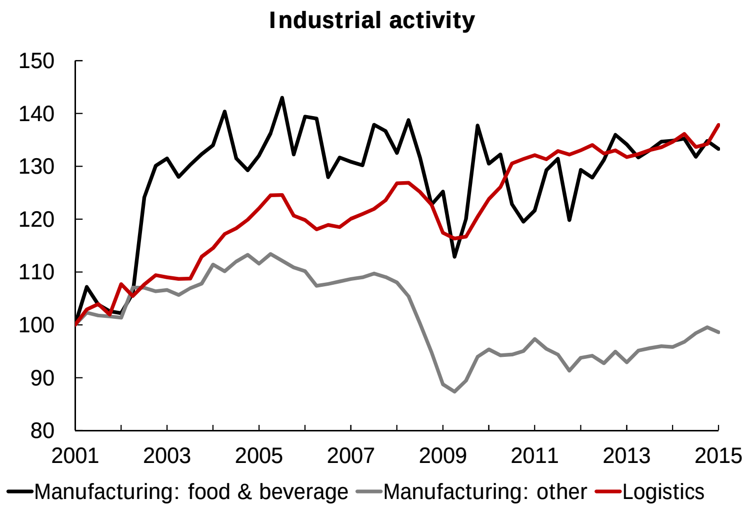
5.15 Industrial Activity

The industrial market is improving on the back of strengthening demand. Lower oil prices are driving increased logistics activity. An increasing focus on improving logistics will support storage and industrial building demand, particularly in the metropolitan areas. However, the decline on dairy prices will continue to have a negative impact on demand for farm and rural buildings.

Industrial activity is showing signs of improvement, but the main driving forces have changed. Food and related manufacturing has stabilised. Dairy processing activity has fallen in the wake of lower prices. However, there has been some offset from increased livestock slaughter as global demand for beef strengthens. Fears of a drought also saw farmers reduce herd numbers, thus increasing slaughter over late 2015.

The decline in the NZD has provided a boost to the manufacturing export sector, while domestic demand is also strong.

The increasing focus on keeping operations as lean as possible has supported logistics activity, and with it demand for storage and industrial buildings. This trend should continue over the coming years.



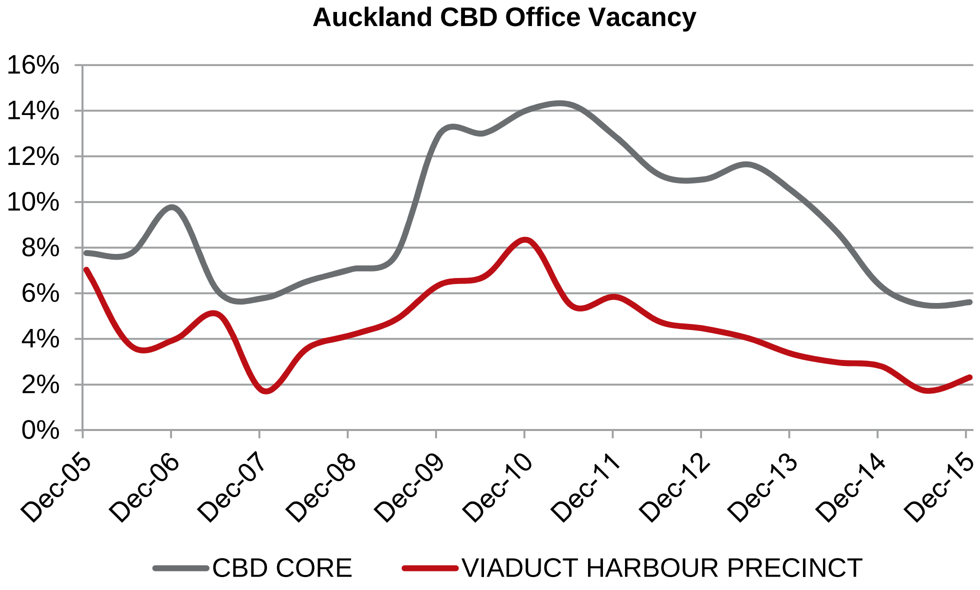
Source: Statistics New Zealand, NZIER

6 Auckland CBD and Fringe Office Market Summary

Auckland's office market continues to shine with strong economic fundamentals supporting a strong commercial property market. Competition for office space remains fierce in the Auckland CBD with vacancy at historic lows, driving strong increases in rents and stimulating new development activity.

This robust demand has been demonstrated in the latest vacancy survey of the Auckland CBD office market. Vacancy across the CBD's Core and Viaduct has plateaued, moving higher slightly by 10bps in the 2H15 and is now sitting at 5.0%.

In the second half of 2015, CBD Core vacancy was recorded at 5.6% (from 5.5%) whilst the Viaduct vacancy increased from 1.7% in June 2015 to 2.3%. Despite a large amount of supply entering the market in the near term, vacancy is likely to hold near these levels with the majority already preleased.



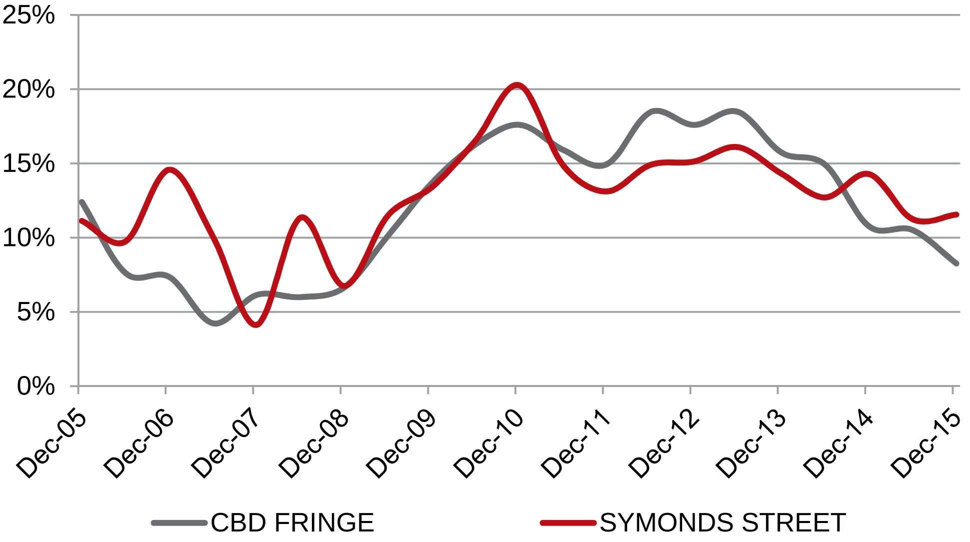
Source: JLL Research and Consulting

A number of occupiers have been unable to find suitable space and are now looking outside the CBD market to find accommodation.

The CBD Fringe has enjoyed a reduction in vacancy over the 2H15, a flow on effect from critically low CBD vacancy. The stock base is also undergoing a transformation, with residential conversion and refurbishment activity eating into the fringe office supply. Increasingly limited options in other markets has seen vacancy as a result decrease by 2.2% since 1H15 now sitting at 8.3%.

The Symonds Street precinct's vacancy rate increased slightly in 2H15, up 0.3% to 11.5%. Better options in alternative precincts and some apartment conversion activity has resulted in a rise in the vacancy rate.

Auckland Fringe Office Vacancy

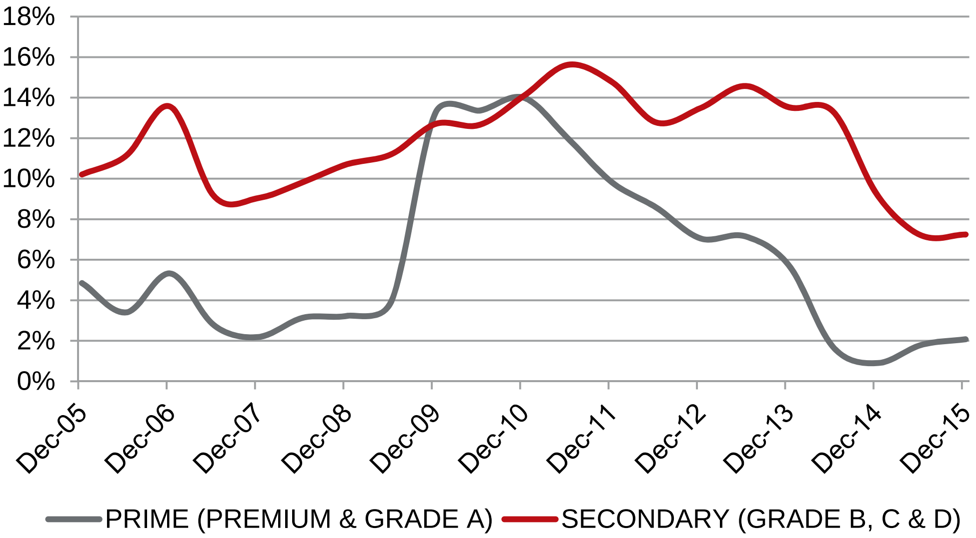


Source: JLL Research and Consulting

There is a clear preference for quality space in the Auckland market; Prime vacancy levels have increased slightly but remain at structural levels, with tenants unable to secure adequate space. Tenants have been demanding newer, greener and more efficient premises, which is the driving force behind the historically low vacancy rate for Prime stock, residing at 2.1%.

Over the 2H15, Secondary vacancy remained stable at 7.2%. This figure has resulted from the reintroduction of 22 Fanshawe Street as well as excess demand flowing down from the prime end of the market. Space in the lower end of the Secondary market remains harder to lease with options still available in better quality alternatives.

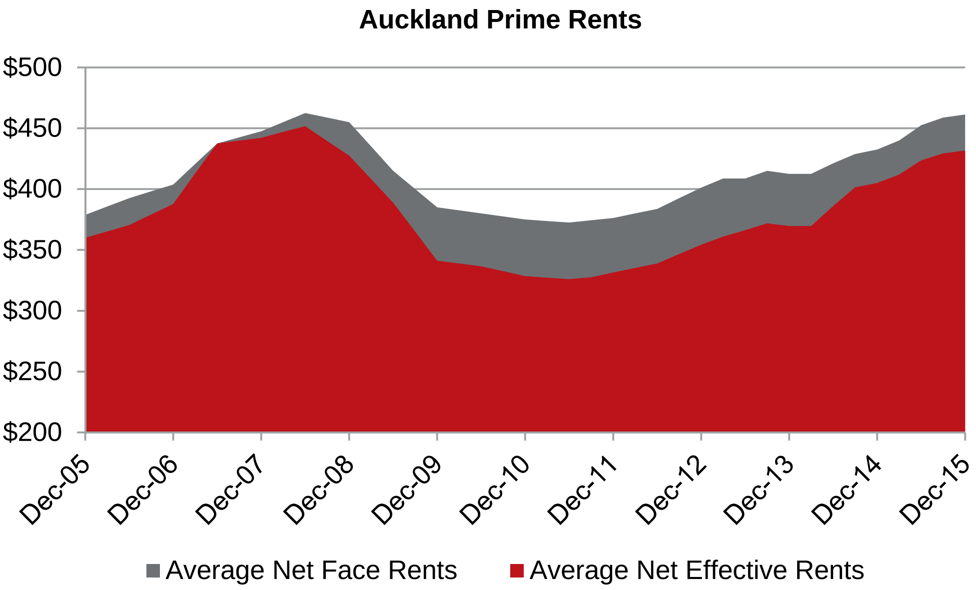
Auckland Office Vacancy by Grade



Source: JLL Research and Consulting

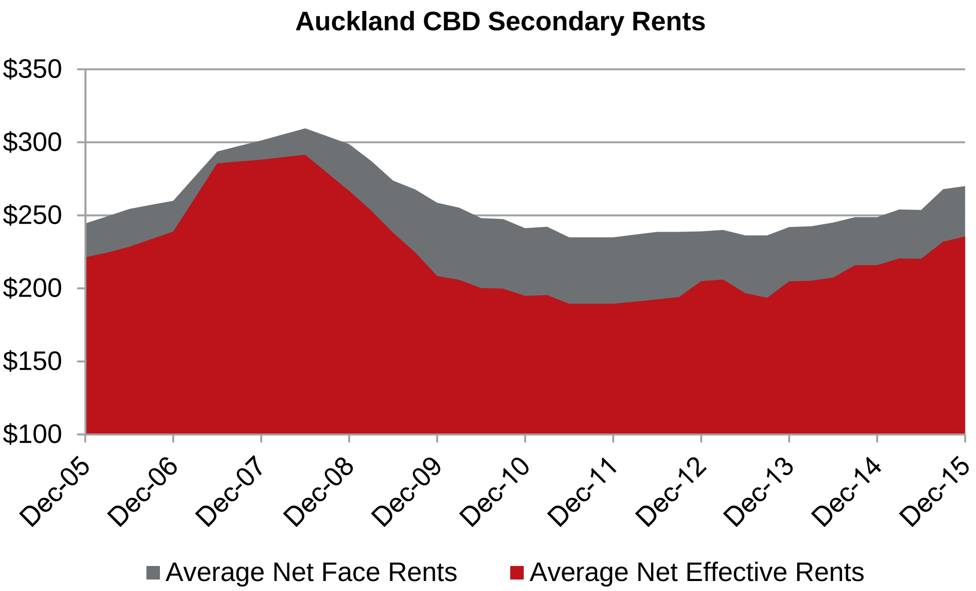
The Auckland CBD market is seeing rental figures increasing with strong momentum, the result of high demand, a fixed supply in the short term and vacancy resting at structural levels.

Rental values in the Prime sector of the market have continued to show growth, increasing 1.9% over the 2H15 to NZD 461psm. This was primarily from leasing activity in Grade-A segment, which has pushed rents higher by 2.6% to NZD 395psm. In the Premium Grade segment average rents moved higher by 1.4% to NZD 528psm



Source: JLL Research and Consulting

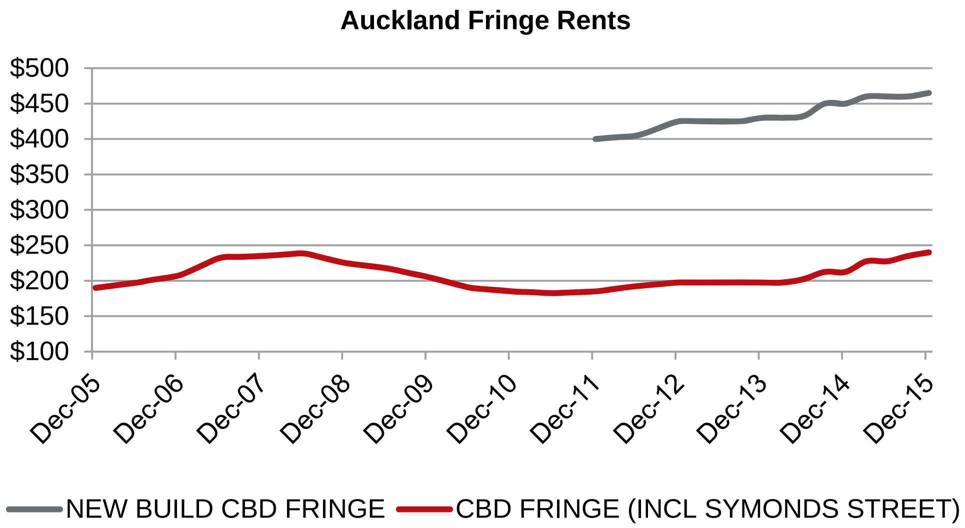
The Secondary market has seen rental increases across the board, a result of demand filtering down through the quality spectrum. Average rental figures increased 6.3% to NZD 270psm over the 2H15. All grades in this bracket experienced rental increases, with Grade B, C and D moving 6.8%, 5.9% and 8.4% higher in the 2H15 respectively.



Source: JLL Research and Consulting

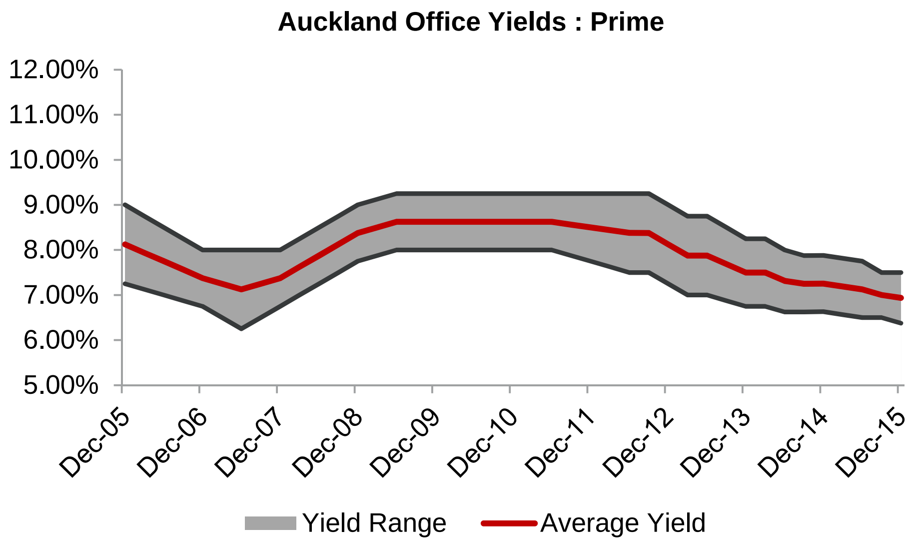
With falling vacancy levels and increasing demand from occupiers, CBD Fringe rents have recorded another consecutive rental increase, rising 5.3% since 1H15 to NZD 240psm. Recent deals in Ponsonby, Parnell and Grey Lynn highlight significant demand for quality space around the CBD, which has pushed the upper end rents of the rental series higher.

New Build CBD Fringe rents have risen in the second half of the year, moving higher by 1.1% to NZD 465psm with improving demand for new quality space. Developers are now responding to market conditions, with many projects currently underway.



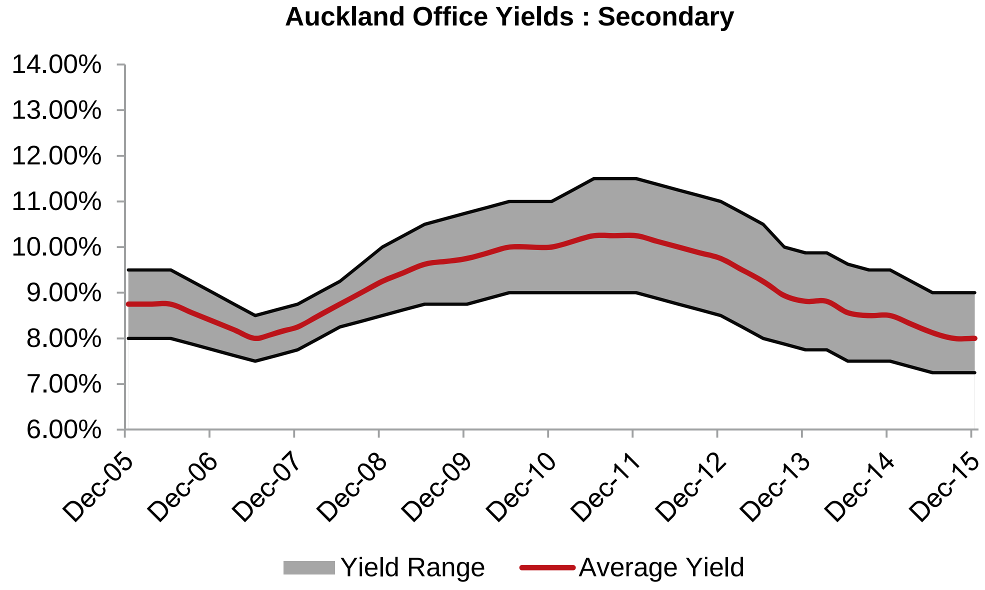
Source: JLL Research and Consulting

Limited available Prime options and strong demand for assets in this class has resulted in Prime yields contracting further in the 2H15, down 19bps from 1H15 now 6.9%. This has resulted in strong competition, with some investors' pre purchasing developments that are currently in the construction phase.



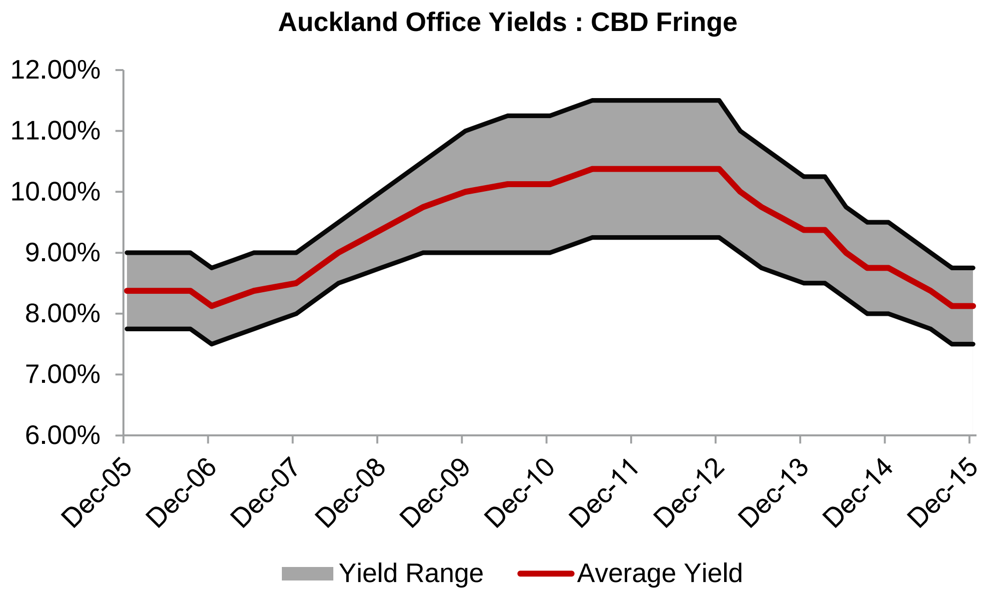
Source: JLL Research and Consulting

Investors are active across all market segments and secondary yields are demonstrating the same trend as Prime yields, which are steadily decreasing. Investment yields in the Secondary market contracted 10bps in the 2H15 to 8.0%, with capital flows shifting down the quality spectrum.



Source: JLL Research and Consulting

Strong demand is also moving into the CBD Fringe areas with a number of large deals concluded in 2H15, including the sale of 26 Randolph St and 110 Mt Eden Road. Yields as a result continue to contract in the CBD Fringe market, with both upper and lower series declining by 25 bps each with the average yield now sitting at 8.1%.



Source: JLL Research and Consulting

7 Leasing Evidence

7.1 New Build / Green Star Office Evidence

In assessing a market rental profile for the office accommodation, we consider the best evidence for comparison with the subject to be from new fringe CBD office buildings.

We summarise a selection of new build office leasing below:

Address	Tenant	Date	Level	Lease Term	Total Area	Face Rent	Opex	Analysed Net Effective Rent	Car Parks (face)
VXV3, Building 3 30 Gaunt Street, Wynyard Quarter	Mayne Wetherell	2016	Level 5	12 years	1,083 sqm	$485 per sqm	-	$477 per sqm	$100 ppkpw
VXV3, Building 3 30 Gaunt Street, Wynyard Quarter	Bayleys	2016	Ground Level 1 Level 2	12 years	425 sqm 1,511 sqm 1,542 sqm	$650 per sqm $465 per sqm $475 per sqm	-	$509 per sqm $364 per sqm $368 per sqm	$100 ppkpw
79 Carlton Gore Road, Newmarket	Fuji Xerox	2015	Levels G & 1	12 years	3,388 sqm	$475 per sqm	$85 per sqm		$65 ppkpw
AECOM House 8 Mahuhu Cres	Zoetis New Zealand	2015	Pt Level 5	9 years	950 sqm	$410 per sqm	$74 psm + $36 psm ground rent	$312 per sqm	
Watercare House 73 Remuera Rd	NZ Lotteries	2013	Pt Level 1	9 years	1,939 sqm	$475 per sqm	$91 per sqm	$450 per sqm	$75 ppkpw
Telecom Place Victoria Street West	TVNZ	2013	All Building B	2 years	4,843 sqm	$530 per sqm	$86 psm Opex + 50% of ground rent	$530 per sqm	$93 ppkpw
27 Napier Street Freemans Bay	Lion – Beer Wine & Spirits	2013	Level G & 1	10 years	5,139 sqm	$399 per sqm	$75 per sqm		$75 ppkpw
27 Napier Street Freemans Bay	GHD Engineers	2012	Levels 3 - 4	12 years	3,039 sqm	$428 per sqm	$75 per sqm	$380 - $405 per sqm	$75 ppkpw
162 Victoria Street West, CBD / fringe	Oracle	2013	Level 4	9 years	1,277 sqm	$450 per sqm	$81.90 per sqm		$90 ppkpw
162 Victoria Street West, CBD / fringe	Kordia	2013	Level 3	9 years	1,724 sqm	$450 per sqm	$81.90 per sqm		$90 ppkpw
162 Victoria Street West, CBD / fringe	Paymark	2013	Level 1	10 years	1,720 sqm	$425 per sqm	$81.90 per sqm		$90 ppkpw

We provide below further details on the above:

VXV3 Building

VXV3 building (Building 3) comprises a medium rise office development with four levels of basement car parking, ground level retail, five office levels and roof top plant room. A feature of the building is the curved façade to the corner of Gaunt and Halsey Streets. The building has been designed to achieve a five green star rating. The property is of leasehold tenure with the current ground rental reviewed 1 October 2015 to $449,352 per annum.

Mayne Wetherell have taken a new 12 year lease over level 5 at a face rent of $485 per sqm and 10 car parks at $100 ppkpw. Rent reviews are fixed 2.5% annual reviews with a review to market in year 6. An incentive was provided to the tenant and our analysis reflects a net effective rental of $477 per sqm over the office accommodation.

Bayleys have taken a new 12 year lease over the ground floor, level 1, level 2, naming rights and 70 car parks commencing June 2016. The face rent reflects $650 per sqm, $465 per sqm and $470 per sqm over the office floors respectively. Rent reviews are fixed 3.5% annual reviews. An incentive was provided to the tenant and our analysis reflects net effective rental rates of $509 per sqm, $364 per sqm and $368 per sqm.

79 Carlton Gore Road

The property was completed in October 2015 and provides a 4 Green Star rated, two level commercial office building together with two levels of basement car parking for 100 cars. The ground floor provides a lobby café and office accommodation with level one providing office accommodation. A roof top terrace is also provided. Floor plates are circa 1,794 sqm.

New lease to Fuji Xerox at 79 Carlton Gore road for a 12 year term commencing December 2015 (upon completion of 79 Carlton Gore Road). The lease is over the ground floor office (1,594 sqm at $475 psm), all of level 1 (1,794 sqm at $475 psm), a roof top terrace (150 sqm), naming rights ($50,000 pa) and 100 basement carparks (65 ppkpw). Rent reviews are fixed 3% annual reviews with reviews to market on renewal.

Telecom Place (Spark City)

Telecom Place (Spark City), a campus-style business park purpose built for Telecom New Zealand in late 2010. The complex incorporates four medium rise office buildings with a total net lettable area of approximately 29,350 square metres together with 304 basement car parks and approximately 248.69 sqm of basement storage space. The development was completed in October 2010 and has achieved a 5 star rating under the NZ Green Building Council office design rating tool.

Telecom New Zealand (now Spark) currently occupy buildings A, C and D through separate identical leases, all on a 13.5 year term with 9.58 years remaining and two rights of renewal of 6 years each. The remaining building was originally leased to Telecom, however has recently been assigned to sublessee TVNZ on a short term basis.

Telecom Sublease to TVNZ

We note the rental of the two year sublease with short rights of renewal to TVNZ as sublessee from Telecom which commenced at a rate of $530 per sqm net over 4,843.04 sqm, as per the original Telecom lease. We note TVNZ was also to pay all outgoings and 50% of the ground rental, with rent reviews in accordance with the head lease. No incentives were provided although we understand that Telecom was responsible for providing various inter tenancy walls and secure access to the tenancy.

27 Napier Street

This is an 8,197 sqm property completed mid 2012 providing floor plates of circa 2,550 sqm. The property offers a city fringe location with high profile motorway exposure. The property has a 4-star green star rating and includes 140 sqm of retail and 227 basement car parks. We understand operating expenses are approximately $75 per sqm.

We understand that Lion and GHD are paying face rentals of between $399 to $450 net, however with incentives. Naming rights were taken by GHD at a face rental of $100,000 per annum and 85 car parks at $75 per park per week. We have enquired with the building owners of the level of incentives provided (including lease tails of previous premises leases of the tenant) and have analysed the following according to information provided.

Our analysis of the GHD rental based off a face rental of $450 per sqm, equates to between $396-$423 per sqm, or an effective TOC of $471-$498 per sqm. Car parks can be analysed to $66-$71 per park per week and naming around $88,000-$94,000 per annum. The building is in an inferior location to the subject and these transactions are now somewhat dated.

7.2 CBD Office Leasing Evidence

We also provide a selection of CBD office evidence detailed below:

Address	Tenant	Date	Set by	Level	Area	Face Rent	Net Effective Rate
22 Fanshawe Street	GroupM New Zealand Limited	Feb-16	NL	Level 11 Level 12	564 sqm 549 sqm	Conf.	Conf.
Grant Thornton 152 Fanshawe Street	Intergen	Dec-15	NL	Pt Level 1	1,107 sqm	$350 per sqm	$333 per sqm
22 Fanshawe Street	Veda Advantage (NZ) Limited	Dec-15	NL	Level 8	610 sqm	Conf.	Conf.
22 Fanshawe Street	Tsavo Limited	Nov-15	NL	Pt Level 4	395 sqm	Conf.	Conf.
Vero Centre 48 Shortland Street	Lee Salmon Long	Nov-15	NL	Pt Level 16	473 sqm	Conf.	
Vero Centre 48 Shortland Street	Rider Levett Bucknell	Nov-15	NL	Pt Level 16	726 sqm	Conf.	Conf.
Grant Thornton 152 Fanshawe Street	EMC Corporation	Oct-15	RoR	Pt Level 1	386 sqm	$355 per sqm	$321 per sqm
Vero Centre 48 Shortland Street	Greg Jones	Sep-15	NL	Pt Level 34	244 sqm	Conf.	
Vero Centre 48 Shortland Street	CCB New Zealand Limited	Jul-15	NL	Level 29	1,237 sqm	Conf.	Conf.
34 Shortland Street	McGrath Nicol	Jul-15	NLST	Pt Level 17	363 sqm	$375 per sqm	$320 per sqm
Grant Thornton 152 Fanshawe Street	Air NZ Ltd	Jul-15	ROR	Ground	701 sqm	$355 per sqm	
205 Queen Street	Franklin Smith	Jun-15	NL	Level 13	141 sqm	$312 per sqm	$310 per sqm
205 Queen Street	Canterbury University	Apr-15	NL	Level 9	286 sqm	$300 per sqm	$299 per sqm
205 Queen Street	Sweeney Vesty	Apr-15	NL	Level 7	358 sqm	$315 per sqm	
AMP 29 Customs Street West	NZ Transport Agency	Mar-15	NL	Level 4	102 sqm	$315 per sqm	
Vero Centre 48 Shortland Street	Harmos Horton Lusk	Feb-15	NLST	Level 37	332 sqm	Conf.	
ANZ Building Albert Street	Regus	Jan-15	NL	Level 33	1,054 sqm	Conf.	Conf.
Vero Centre 48 Shortland Street	CTPartners New Zealand Limited	Jan-15	NL	Pt Level 34	187 sqm	Conf.	Conf.
PwC Tower 188 Quay Street	Crowe Horwath (NZ) Ltd	Jan-15	NL	Level 29	1,349 sqm	$555 per sqm	$557 per sqm
ANZ Building 23 Albert Street	Regus	Jan-15	NL	Level 32	1,146 sqm	$525 per sqm	$516 per sqm

We provide below further details on the above:

Grant Thornton, 152 Fanshawe Street

A high quality office building completed in 2007, situated on the corner site of Fanshawe and Halsey Streets in Auckland's CBD fringe. The property provides a total NLA of 6,697 sqm over five levels with 70 secure covered parking spaces. The average upper floor plate size is approximately 1,493 sqm. Several recent leasing transactions indicate net effective rents ranging between $320 and $355 per sqm or TOC figures of $450 - $488 per sqm. In our opinion this building is considered to be inferior to the subject.

22 Fanshawe Street

22 Fanshawe Street comprises a twelve level commercial office building with two levels of basement car parking situated at the intersection of Fanshawe and Federal Streets within the Auckland CBD. The property has recently undergone significant refurbishment. We are subject to confidentiality clauses however there has been three new lettings within the building with the net effective rents ranging between $300 and $360 per sqm.

Vero Centre, 48 Shortland Street

The Vero Centre comprises a 39 level prime office tower providing 37,774 sqm of office space, 850 sqm of retail and 428 basement car park spaces. Office floor plates are circa 1,238 sqm. The lobby foyer presents to a high standard with common area seating, a lobby café and café kiosk together with access to a modern gym premises and an outdoor seating area.

There have been several recent new lettings with the building which provide rentals that support our adopted market profile. We hold the details of the face and net effective rentals for these tenants confidentially on file.

7.3 Subject Property Leasing

Tenant	Date	Level	Lease Term	Total Area	Face Rent	Car Parks (face)
		Ground		1,654.50 sqm	$575 per sqm	
APN Holdings NZ Limited	2015	Level 1	15 years	1,892.20 sqm	$575 per sqm	$105 ppkpw
		Level 2		1,892.80 sqm	$575 per sqm	

APN Holdings NZ Limited have entered into three separate 15 year leases over the ground floor, level one and level two of Building A. They have also taken limited signage rights for the building at $100,000 pa and leased 58 basement car parks at $105 per park per week. The commencement date of each of the three leases is 1 November 2015 with rent reviews being annual fixed 3% increases from the second anniversary of the commencement date. We are not aware of any incentives provided to the tenant.

Pernod Ricard have entered into a new ten year lease over level three of the subject building and 16 basement car parks. The commencement date is1 March 2016 with rent reviews being annual fixed 3% increases. We are not aware of any incentives provided to the tenant.

Meredith Connell have entered into a 12 year lease over level five of the subject building. They have also leased 17 basement car parks. The commencement date is 1 March 2016 with rent reviews being annual fixed 3% increases on each anniversary of the commencement date. We are not aware of any incentives provided to the tenant.

7.4 Adopted Market Rental Comment

We are aware of the leasing deals conducted in the new build Mansons properties which together with the market evidence summarised above, demonstrates the variable nature of high quality CBD office accommodation.

The subject provides high quality office space with large floor plates, situated in a CBD periphery location. The accommodation has efficient floor plates, good stud height, and an expansive lobby/atrium area together with ample car parking.

The new lease to Mayne Wetherell within Goodman's VXV3 Building provides a good comparable as it provides new build, 5 Green Star rated accommodation with large floor plates. However in our opinion is situated in an inferior location to the subject. Our analysis of the net effective rental reflects **$477 per sqm**. We note that this deal was agreed in May 2015.

We are also aware of the new lease to Fonterra of their new Goodman headquarters. The lease is over the entire building which comprises seven levels of office accommodation (15,560 sqm), deck, basement, car parks and naming rights. The face rent over the office accommodation reflects **$435 per sqm**. We are unaware of specific lease details including incentives provided.

A good comparable is that of Oracle House at 162 Victoria Street West, however the subject in our opinion provides superior accommodation and a higher build specification. Our analysis of net effective rentals over the office accommodation indicates rates of between **$380 to $410 per sqm**. Watercare located at 73 Remuera Road also forms a good comparable, though considered inferior given the location. Our understanding of net effective rentals indicate rates generally between **$350 to $450 per sqm**. We also refer to the GHD building at 27 Napier Street, with our understanding that GHD are paying a net effective rental of **$396 to $423 per sqm**. We note that all these deals are now somewhat dated having occurred in 2012/2013 with the market having improved significantly since.

At Spark City, the sublease to TVNZ was agreed at a rate of **$530** per sqm net in 2013, and subsequently varied to **$554 per sqm** net in June 2014, with reportedly no incentives included. We do note however the short term nature of the transaction over a term of two years with one year right of renewal.

We note that since the date of a number of these transactions market conditions have continued to improve with vacancy rates declining and economic growth increasing. Based on the available market evidence and the rents achieved within the subject building we have adopted **$570 per sqm** to apply as the market rent for the top floor. Adjustments have been made on a floor by floor basis to reflect factors such as elevation, views and outlook. Our adopted average market rent over the office accommodation reflects $556 per sqm.

7.5 Car Parking Evidence

In regards to car parking rentals in the area, we evidence the following:

Location / Premises	Car Park Rental Rate
151 Victoria Street West (Subject)	$105 ppkpw
22 Fanshawe Street	$100 - $130 ppkpw
Air NZ, Fanshawe Street	$75 ppkpw
162 Victoria Street	$90 ppkpw
Grant Thornton, Fanshawe Street	$85 - $90 ppkpw
Pernod Ricard, Viaduct Harbour	$100 - $115 ppkpw
IBM, Wyndham Street	$87 ppkpw
Courier Post House	$97 ppkpw

Comment

We are aware of car park rentals in periphery CBD locations which generally achieve $75 - $115 per park per week depending on factors including the building grade and number of car parks available. Within the subject the car parks are secure basement car parks and are currently achieving $105 per park per week which we believe is in line with market parameters and have therefore adopted this as our market rental.

7.6 Naming and Signage Rights Evidence

We are aware of naming and signage rights evidence in the Auckland area. We summarise a selection of evidence as follows:

Building/Address	Date	Amount (face)
VXV3, Building 3, 30 Gaunt Street	2016	$25,000
79 Carlton Gore Road, Newmarket	2015	$50,000
205 Queen Street	2014	$45,000
Building D, 167 Victoria Street	2014	$25,000
Crombie Lockwood Tower, 191 Queen Street	2013	$74,000
Oracle, 162 Victoria Street West	2013	$50,000
AMP, Cnr Fanshawe & Albert Streets	2013	$135,000
Citigroup, 23 Customs Street East	2012	$48,500
GHD, 27 Napier Street, Freemans Bay	2012	$100,000
Tower, 45 Queen Street	2012	$86,750
Chartis, 41 Shortland Street	2012	$100,000

Comment

The market rent of naming rights is subjective with naming rights being more important to some tenants than others and sometimes used as part of an inducement to a lease. Some buildings are more prominent than others and therefore can command higher rentals for naming and signage.

Given the buildings prominence and location we have adopted $75,000 to apply to the naming rights and $40,000 should apply to signage rights.

7.7 Embedded Network Licence

Embedded networks allow energy to be purchased at a bulk discount and on-sold to tenants within a building. They provide an income stream for the Owners. In this instance we have been informed that the projected initial net income from this Licence payable to the owner of the property is $31,685.50 per annum which has been included within the other income calculations.

7.8 Net Income Assessment

The table below presents both the passing income and adopted market net income profile of the Property:

Passing Versus Market Comparison	Passing pa	Market pa
Rental Analysis		
Lettable Area Rental	$5,599,520	$6,338,074
Carparking Rental	$535,080	$616,980
Future Lease Agreements	$1,268,379	$0
Other Income	$31,686	$0
Outgoings Recovery	$963,178	$963,178
Gross Income	$8,397,841	$7,918,232
Outgoings	$963,178	$963,178
Net Income	$7,434,664	$6,955,054

8 Sales Evidence

8.1 Sales Transactions

In assessing a suitable capitalisation rate and discount rate profile for the Property, we have had regard to a range of property transactions. The more relevant sales are summarised in the sales schedule and commentary below:

Grant Thornton House, 152 Fanshawe Street

The property comprises a high quality office building completed in 2007, situated on the high profile corner site of Fanshawe and Halsey Street in Auckland's CBD fringe. The property provides a total NLA of 6,697 sqm over five levels with 70 secure covered parking spaces. The average upper floor plate size is approximately 1,493 sqm.

The property is currently fully let to a variety of corporate tenants with a WALT of 4.23 years.

The property is of leasehold tenure with a 150 year term from 27 August 2004 and 139 years remaining. The property benefits from a pre-paid ground rental for 15 years from commencement with the annual rental set to be reviewed in August 2019. Upon review, the annual rent payable under the ground lease shall be 6% of the underlying freehold market value of the land. We also note the occupants of the building are currently paying a ground rental contribution in addition to the premises rent and operating expenses.

The property sold in December 2015 for $28.10 million. The sale reflects an initial yield of 9.79%, an equivalent yield of 8.67% and an IRR of 10.33%.

32-34 Mahuhu Crescent, Quay Park

32-34 Mahuhu Crescent comprises twin office buildings linked by a central core, one of eight levels and one of seven levels including one level of basement car parking. The building was completed in 2002 and provides for 7,224 sqm of well specified office accommodation together with 69 basement car parks. The property is let to a range of occupiers, including Rayonier NZ, NZInvest and Nokia Solutions. As at the date of sale the property had vacancies on the ground floor, level 3 and level 5, however these are subject to a vendor underwrite.

The property is of leasehold tenure with a 150 year term expiring 2146. Ground rent reviews are seven yearly, with the next review in August 2018.

The property sold in December 2015 for $18,560,000. Our analysis of the sale reflects 9.08% initial yield, a 9.14% equivalent yield, 10.45% IRR and a 2.87 year WALT.

34 Shortland Street, Auckland

The property comprises a 17 level strata titled office tower situated in a CBD location leased to a variety of tenants. The subject interest is comprised in 11 Computer Unit Title Registers and includes Levels 8 – 17, signage rights and 76 car parks in the basement. The remainder of the units within the tower are owned by Barfoot & Thompson.

The property provides a 3.44 year WALT by income and is leased to tenants including Turners Limited, The Partners of Haigh Lyon and Dorchester Pacific. Part levels 11, 12 and 13 are subject to a vendor underwrite with 22 car parks vacant at the time of sale.

The property sold in December 2015 for $44.60 million. The sale reflects an initial yield of 7.10%, an equivalent yield of 6.85% and an IRR of 9.03%.

49-51 Symonds Street, Auckland

The property comprises a 13 level office building with basement parking for 256 cars. The property provides a total NLA of 10,027 sqm with floor plates of circa 790 sqm.

The property is 100% occupied with The University of Auckland occupying 76% of the space and the balance occupied by Vodafone Fixed Limited and Quintiles Pty. Wilson Parking leases 214 of the car parks.

We understand the property has future development potential.

The property provides a 5.06 year WALT by income at the time of sale.

The property sold in December 2015 for $49.70 million reflecting an initial yield of 5.91%, an equivalent yield of 5.76% and an IRR of 7.56%.

Courier Post House, 151 Victoria Street West

The property comprises a fully tenanted 5-level office tower situated on a recently subdivided site comprising an area of 1,741 sqm.

The property has frontage to Victoria Street West and Hardinge Street. Also included are 15 on-site car parks and an easement over 60 basement car parks on the adjacent development site. The property is subject to a 9 year lease commencing 1 July 2013 to New Zealand Post Limited with annual fixed 2.75% increases.

The building in which the 60 parks are located is close to being completed. A Vendor underwrite from Mansons has been provided so that the owner of the subject receives the benefit of this income until such time as the car parks are available.

The property sold in October 2015 for $27.35 million. The sale reflects an initial yield of 6.17%, an equivalent yield of 6.29% and an IRR of 8.53%. The property has a WALT of 6.67 years at the time of sale.

8 Nugent Street, Grafton

Building B, 8 Nugent Street comprises a 5 level, 4 green star-designed office building built in 2009. The building is part of a campus-style development which also includes an apartment complex, a purpose built car parking building and a further office and showroom building. Building B Is on its own freehold title and includes 244 car parks.

The property has a net lettable area of 7,684 sqm and is fully leased to 11 tenants with a WALT of 5.04 years at the time of sale.

The property was purchased by Argosy Properties Ltd in August 2015 for $42 million. The sale reflects an initial yield of 7.08%, an equivalent yield of 6.40% and an IRR of 8.51%.

36 Kitchener Street, Auckland

The property comprises a 16 level office tower held in 16 stratum titles, originally constructed in the 1980's. The property is located on Kitchener Street within the Auckland CBD and provides 3,250 square metres of office space and 27 secure car parks. The property lends itself well to a residential conversion opportunity.

Floor plates are circa 210 square metres with decks provided on each floor. The property provides flexible accommodation that can be readily sub-divided into two tenancies due to the central positioning of the service core. The building enjoys excellent views to the east over Albert Park together with northerly views to the harbour which are achieved from upper floors.

The property has a WALT of 1.83 years and is currently 94% occupied, let to a variety of tenants including KS Chambers, Campbell MacPherson and Lufthansa German Airlines.

The property sold for $15,780,000 in October 2014. The sale represents an initial yield of 6.37%, an equivalent yield of 7.02% and an IRR of 9.07%.

The property resold in August 2015 for $16,500,000. The sale reflects an initial yield of 5.59%, an equivalent yield of 6.59% and an IRR of 8.60%. The property had a WALT of 1.13 years at the time of sale.

7 City Road, Auckland

7 City Road is a unit titled property comprising four levels of car parking, two podium office levels together with ten levels of office accommodation above. The building has a total floor area of 6,470 sqm and 151 car parks.

The building underwent refurbishment in 2005/2006 including re-painting of the exterior, new exterior cladding to the lower levels, and refurbishment of the ground level foyer and lifts.

The property is 89% occupied by area with major tenants including iiNet NZ Limited and Coffey Projects Limited. Vacant areas amount to 696 sqm office accommodation over levels 6, 7 and 14 together with a vacant storage area and 63 car parks.

The property sold in July 2015 with a vendor underwrite over the vacant areas for $21.55 million reflecting an initial yield of 8.67%, an equivalent yield of 8.10%, an IRR of 9.54% and a WALT of 2.04 years.

229 Queen Street, Auckland

The property comprises a 10 level commercial office building with ground level retail providing 4,500 sqm of net lettable area. The property was constructed in 1966 and refurbished in 1989. Conversion of the upper levels to a backpacker's hotel was completed in 2002. The property is occupied by various tenants, including ACB backpackers and Westpac to the ground floor.

The property is 100% occupied with a WALT of 4.30 years. The property sold in April 2015 for $23,200,000 reflecting an initial yield of 7.15%, an equivalent yield of 7.25% and an IRR of 8.48%.

246 Queen Street, Auckland

The property comprises an eight storey office and retail building. Retail is provided to two floors and a mezzanine with six levels of office accommodation. The property was constructed in 1963 and refurbished in 1990. The property was fully leased to a variety of tenants at the time of sale including Dunkin Donuts, Cut Above Academy, Manukau Institute of Technology and Queens Academic Group.

The property sold in April 2015 for $34,700,000. The sale reflected an initial yield of 7.38%, an equivalent yield of 7.56% and an IRR of 8.65%. The property had a WALT of 2.8 years at the time of sale.

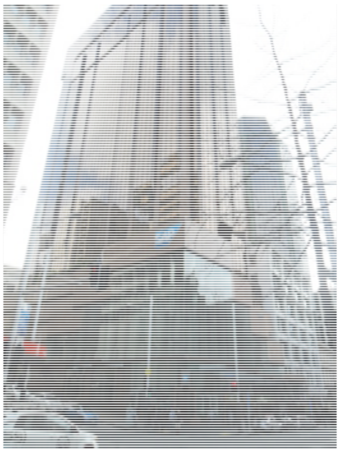
Fuji Xerox, 79 Carlton Gore Road, Newmarket

On completion the property will provide a 4 Green Star rated, two level commercial office building together with two levels of basement car parking for 100 cars. The ground floor will provide a lobby café and office accommodation with level one providing office accommodation. A roof top terrace will also be provided. Floor plates are circa 1,794 sqm. The property will provide 3,388 sqm of office accommodation over both levels and 50 sqm of retail accommodation. The office accommodation is 100% to Fuji Xerox with the vendor providing an underwrite over the café tenancy.

Approximately 217m2 to the site's rear boundary is located on railway land subject to terminating leasehold tenure expiring 30 November 2052. The building sits over the freehold and leasehold land components and the unrecovered ground rental currently sits as $12,200 per annum.

We note that the development is intended to be completed in approximately October 2015.

The property sold in March 2015 for $33,278,935 million reflecting a 6.18% initial yield, 5.97% equivalent yield, an IRR of 8.53% and a 12 year WALT.



SAP Tower, 151 Queen Street, Auckland

RJH has entered into an unconditional agreement in November 2014 to purchase SAP Tower, 151 Queen Street for $97m from Precinct Properties. SAP Tower is 99.4% leased with a WALT of 4.39 years. The property is an A Grade landmark property including tenants such as Goodman, Colliers, SAP and Marsh. The sales price represents an initial yield of 7.82%, an equivalent yield of 7.59% and an IRR of 9.73%.

Buildings A, B & D, Spark Place, Victoria Street West

Forming part of Spark Place, buildings A & D have transacted to an off-shore purchaser for initial yields of 7.23% in July 2014.

Building A sold for $69,500,000 which can be analysed to an equivalent yield of 6.64% and an IRR of 9.66%.

Both properties have been strata titled and had a WALT at the time of sale of 9.92 years.

Building B also transacted in September 2014 for $48,955,195 which can be analysed to an initial yield of 8.50%, equivalent yield of 6.70% and an IRR of 9.95%. We note this building was sublet to TVNZ, with Spark having surrendered their lease over the majority of the premises, resulting in a WALT of 1.79 years by income. We understand the purchaser had intentions of occupying the vacant areas on expiry in June 2016.

We note that Building D has subsequently been retraded to the same purchaser at a price of circa $70,000,000, reflecting an initial yield of 7.02%, an equivalent yield of 6.31% and an IRR of 8.97%.

The sales transactions are summarised in the table below for comparison purposes:

Property Address	Sale Date	Sale Price	Initial Yield	Equivalent Yield	IRR	WALT
Grant Thornton House, 152 Fanshawe Street	Dec-15	$28.10 m	9.79%	8.67%	10.33%	4.23 years
32-34 Mahuhu Crescent, Quay Park	Dec-15	$18.56 m	9.08%	9.14%	10.45%	2.87 years
34 Shortland Street, Auckland	Dec-15	$44.60 m	7.10%	6.85%	9.03%	3.44 years
49-51 Symonds Street, Auckland	Dec-15	$49.70 m	5.91%	5.76%	7.56%	5.06 years
Courier Post House, 151 Victoria Street West	Oct-15	$27.35 m	6.17%	6.29%	8.53%	6.67 years
8 Nugent Street Grafton	Aug-15	$42.0 m	7.08%	6.40%	8.51%	5.04 years
36 Kitchener Street Auckland	Aug-15	$16.50 m	5.59%	6.59%	8.60%	1.13 years
7 City Road Auckland	Jul-15	$21.55 m	8.67%	8.10%	9.54%	2.04 years

Property Address	Sale Date	Sale Price	Initial Yield	Equivalent Yield	IRR	WALT
229 Queen Street Auckland	Apr-15	$23.20 m	7.15%	7.25%	8.48%	4.30 years
246 Queen Street Auckland	Apr-15	$34.70 m	7.38%	7.56%	8.65%	2.80 years
79 Carlton Gore Road, Newmarket	Mar-15	$32.6 m	6.20%	5.99%	8.59%	12.0 years
Building D, Telecom (Spark) Place	Mar-15	$70 m	7.02%	6.31%	8.97%	9.17 years
SAP Tower, 151 Queen Street	Nov-14	$97.0 m	7.82%	7.59%	9.73%	4.39 years
Building B, Telecom (Spark) Place	Sep-14	$48.96 m	8.50%	6.70%	9.95%	1.88 years
Building A, Telecom (Spark) Place	Jul-14	$69.50 m	7.23%	6.64%	9.66%	9.92 years
Building D, Telecom (Spark) Place	Jul-14	$66.04 m	7.23%	6.56%	9.54%	9.92 years

8.2 Capitalisation Rate Conclusion

The property presents as a high quality office property built to a 5 star green rating design, connected to the adjacent building by an atrium with air bridges between the levels. The property itself provides high quality open plan office space with a 3.10 metre stud height. The property has profile to Victoria Street West and surrounding streets. Views are obtained from the upper floors back towards Ponsonby.

Sales that assist in determining an appropriate market capitalisation rate to apply to the subject include the sales of Courier Post House, Fuji Xerox, the Spark Central buildings.

Courier Post House is situated adjacent the subject property and recently sold for $27.35 million. The sale reflects an initial yield of 6.17%, an equivalent yield of 6.29% and an IRR of 8.53%. The property had a WALT of 6.67 years at the time of sale. The property provides good, but somewhat dated office accommodation. The subject is far superior in terms of accommodation provided and provides a longer WALT.

Fuji Xerox sold in March 2015 for circa $32.6 million. At the time of sale the property was under construction and on completion will provide a 4 Green Star rated commercial building. The sale reflects a 6.20% initial yield, 5.99% equivalent yield, an IRR of 8.56%. The property had a 12 year WALT at the time of sale. Fuji Xerox provides a good comparable to the subject, providing similar green rated accommodation; however is situated in an inferior location and is of a much smaller value quantum.

Spark Central comprises four strata titled commercial buildings. Buildings A and D transacted to an off-shore purchaser for initial yields of 7.23% in July 2014. Building A sold for $69,500,000 which can be analysed to an equivalent yield of 6.64% and an IRR of 9.66%. Both properties have been strata titled and had a WALT at the time of sale of 9.92 years. We note that Building D has subsequently been retraded to the same purchaser at a price of circa $70,000,000, reflecting an initial yield of 7.02%, an equivalent yield of 6.31% and an IRR of 8.97%

Building B also transacted in September 2014 for $48,955,195 which can be analysed to an initial yield of 8.50%, equivalent yield of 6.70% and an IRR of 9.95%. The property had a WALT of 1.79 years by income at the time of sale.

Augusta Capital purchased Building C for circa $65m in June 2014. The sale price represents an initial yield of around 7.2% with an equivalent yield analysing to 6.57%. The leases to Telecom were restructured as part of the sale process and the WALT at the time of sale is 10 years. The Telecom

Place buildings present to a similar quality and located opposite the subject provide for a good comparable.

The above transactions show liquidity at the top end of the market and an appetite for quality assets such as 4 Graham Street.

On consideration of the investment aspects of the property together with our understanding of the market, it is our opinion that the market capitalisation rate to apply to assessed market income is in the order of **6.00%.** This provides an adopted value of $120,300,000 and an initial yield of 6.18% and an equivalent yield of 6.01%.

Based on the sales evidence, particularly the most recent and anecdotal evidence of current transactions, we have adopted the following valuation inputs:

Variable	Input
Capitalisation Rate - Core Income	6.000%
Discount Rate	8.75%

9 Valuation Considerations

9.1 SWOT Analysis

Strengths	Weaknesses
• New build office development which would be attractive to both occupiers and investors alike. • Good location within the Victoria Quarter Precinct, being the focus of significant redevelopment in the short to medium term. • Defects and Capital Expenditure warranty covers almost all capex and defect costs with limited exceptions that may arise during the 10 year term from settlement. • Upper levels have good views and outlook over the harbour. • Minimal capital expenditure required in short to medium term. • Steady long term outlook on interest rates. • Good WALT of 12.37 years. • Fixed rental increases in all leases. • Liquidity apparent in the current market. • Vacant space is subject to a vendor underwrite.	• APN Holdings lease 49% of the building, and therefore provides significant vacancy risk if they depart upon expiry of their lease. • Limited outlook from lower levels. • Vacant level 4 office accommodation and carparks. • Mansons underwrite 17% of the building so there is vacancy risk if they or their sub lessee depart upon expiry of their lease.
Opportunities	**Threats**
• Improvement of investment market and greater activity in higher value assets. • Secure tenants on long term leases and with locked in contract rental growth. • Continued strengthening of the fringe office market. • Lease vacant space.	• External / international factors impacting on future yield expectations. • Additional new office supply impacting on vacancy rates and future renal growth. • Prolonged leasing up period.

9.2 Likely Selling Period

We are of the opinion that the likely selling period for the Property is 3-9 months.

This is an estimate of the time it might take for the Property to sell if it were marketed at the ascribed market value. The actual time it may take to sell the Property will be impacted upon by numerous factors including the marketing undertaken, eagerness of buyers both generally and also in relation to assets similar to the Property, availability of finance, and changes in market conditions subsequent to the valuation date.

9.3 Most Probable Purchaser

In consideration of the current market, we anticipate the most probable purchaser of the Property to be an institutional investor, syndication fund or off shore investor.

10 Valuation Rationale

10.1 Valuation Overview

In arriving at our opinion of market value we have adopted the capitalisation of net income and discounted cash flow (DCF) approaches. Both results have then been cross checked using the direct comparison approach where the value is analysed on a rate per square metre of Net Lettable Area (NLA).

Our valuation has been undertaken utilising the Jones Lang LaSalle proprietary valuation model.

10.2 Valuation Criteria

After considering the sales evidence, market indicators and the level of investor sentiment for comparable commercial real estate and adjusting specifically for:

- The characteristics of the location;
- Quality of the improvements/building;
- Leasing covenants/security of income cash flow;
- Weighted remaining lease duration; and
- Expiry profile of tenancies.

We have adopted a core capitalisation rate of 6.00% on our adopted market rental profile and a 8.75% target discount rate.

10.3 Capitalisation Approach

Introduction

The capitalisation approach involves the addition of our opinion of market rent for the various components of the Property and the deduction of outgoings in order to determine the net market income of the Property. This net market income is capitalised at the adopted capitalisation rate to derive a core value.

A summary of the capitalisation approach is detailed overleaf:

Direct Capitalisation Approach - Market Income	
Market Income	
Lettable Area Rental	$6,338,074
Car Parking Rental	$616,980
Ideal Outgoings Recovery (Full Net Leases)	$963,178
Total Market Rental	$7,918,232
Less Outgoings Expenditure	($963,178)
Net Market Rental	$6,955,054
Rental Adjustments	
Core Income	$6,955,054
Core Income Capitalised at 6.00%	$115,917,571
Value Adjustments	
Present Value of Rental Reversions	
Existing Tenancies	$3,959,796
Present Value of All Unexpired & Forecast Incentives: 24 months	$0
Present Value of Future Lease Agreements and Stepped Rentals	$0
Present Value of Short Term Capital Expenditure: 24 months	$0
Value of Other Income	$125,734
Total Value Adjustments	$4,085,530
Total Capitalised Value	$120,003,101
Adopted Capitalised Value	$120,003,000

From our core value, present value adjustments (for rental reversions, letting up allowances, incentives, future lease agreements and short term CAPEX) where appropriate have been made in order to derive the resultant capitalised value.

Our adopted adjustments are detailed as follows:

Rental Reversions

From the core value, we have adducted the present value of tenant rental reversions, which represents the present value of rental overage for each existing tenancy relative to our adopted rental profile. Further, we have allowed for downtime associated with the leasing up of any current vacancies within the Property.

Letting Up Allowances

Within our capitalisation calculations we have made present value letting up allowances for those tenancies that are expiring over the next 24 months. This letting up allowance includes rental and outgoings void (downtime) as well as leasing / agents fees with leasing up the captured lease expiry's.

Unexpired and Forecast Incentives

We have deducted the present value of all outstanding / unexpired incentives of $0.

Future Lease Agreements & Stepped Rentals

We have deducted the present value of any shortfall in rental and outgoings payable due to leases agreed but with commencement dates after the date of valuation. This equates to $0.

Capital Deductions

We have allowed for the present value of CAPEX allowances over the next 24 months from the valuation date, which total $0.

Calculation Summary

Having made these adjustments to the core value, we derive a total value of $120,003,000.

Our detailed calculations are annexed to this report.

10.4 Discounted Cash Flow Approach

We have undertaken a discounted cash flow analysis over a 10 year investment horizon to derive a net present value for the Property. The cash flow outputs are summarised and appended to this report.

We stress that the estimating of future rentals and values is a very problematic exercise, which at best should be regarded as an indicative assessment of possibilities rather than absolute certainties. The process of making forward projection of key elements includes assumptions regarding a considerable number of variables which are acutely sensitive to changing conditions, variation in any of which may significantly affect value.

The main valuation inputs used in our cash flow are summarised as follows:

Revenue Projections

Our revenue projections commence with the passing rents for each existing tenant and, where relevant, include structured annual and market rent reviews, together with ratchet clauses, as provided for under existing leases.

Growth Rates

A summary of the growth rates adopted for the cash flow period are as follows:

Growth	1	2	3	4	5	6	7	8	9	10
Office							10 year average		3.67%	
	3.75%	4.50%	4.50%	4.25%	4.00%	3.75%	3.50%	3.00%	3.00%	2.50%
Carparking							10 year average		3.67%	
	3.75%	4.50%	4.50%	4.25%	4.00%	3.75%	3.50%	3.00%	3.00%	2.50%
CPI							10 year average		2.19%	
	1.70%	1.80%	1.90%	2.25%	2.25%	2.25%	2.25%	2.50%	2.50%	2.50%
Capex							10 year average		2.69%	
	2.20%	2.30%	2.40%	2.75%	2.75%	2.75%	2.75%	3.00%	3.00%	3.00%
Outgoings							10 year average		2.19%	
	1.70%	1.80%	1.90%	2.25%	2.25%	2.25%	2.25%	2.50%	2.50%	2.50%

The market rents have been grown over the 10 year cash flow period by their respective growth rate as set out within the summary table above. In formulating our views as to the appropriate projected rental growth rates for the Property we have had regard to forecasts supplied by Jones Lang LaSalle Research and NZIER. These forecasts have been used as a base from which growth rates appropriate for the Property have been derived.

Letting Up/ Leasing Cost Allowances

We have allowed for a letting up period at the end of each existing lease (being the estimated time to secure a new tenant) and associated probability. We have assumed a new lease term for office tenants of 6.0 years and associated agents/leasing costs of 16.00%. Our allowances are outlined in the table below:

Office Letting Up Allowances

Cash Flow Year	Letting Up	Probability	Incentive	Probability	Capex $/sqm	Probability
Vacant	6 months	100%	0%	100%	$100	50%
Year 1	6 months	100%	0%	100%	$100	50%
Year 2	6 months	100%	0%	100%	$100	50%
Year 3	6 months	100%	0%	100%	$100	50%
Year 4	6 months	100%	0%	100%	$100	50%
Year 5	6 months	100%	0%	100%	$100	100%
Year 6	6 months	100%	0%	100%	$100	100%
Year 7	6 months	100%	0%	100%	$100	100%
Year 8	6 months	100%	0%	100%	$100	100%
Year 9	6 months	100%	0%	100%	$100	100%
Year 10	6 months	100%	0%	100%	$100	100%

Capital Expenditure

Within our calculations we have made capital expenditure allowances based on budgets provided, as noted previously within this report, together with our own allowances for capital and refurbishment works coinciding with major lease expiries that we feel would be necessary to achieve our rental growth forecast and which a prudent purchaser is likely to make allowances for. We refer you to Section 5.8 for details on capex allowances. In addition we have allowed $100 per sqm over the office accommodation.

The above allowances are adjusted by CPI throughout the cash flow.

The table below outlines the total capital expenditure amount each cash flow year:

Cash Flow Year	Capital Expenditure	Cash Flow Year	Capital Expenditure
Year 1	$0	Year 6	$0
Year 2	$0	Year 7	$0
Year 3	$0	Year 8	$0
Year 4	$0	Year 9	$614,555
Year 5	$0	Year 10	$865,176

Total CAPEX allowances amount to $1,479,731 ($130.59 /sqm of NLA) over 10 years.

Estimated Terminal Sale Price

We have applied a terminal yield of 6.50% (a 50 basis point softening) to the market net income at the start of Year 11 in order to calculate the estimated terminal sale price. This value also includes reversions to the forecast market rent as at the end of Year 10, deferred until the next review date.

In estimating the terminal value we have had regard to perceived market conditions at the end of Year 10 and the age, leasing profile and condition of the Property at that time. Whilst it is difficult to project long range forecasts, the most likely market conditions should be considered. Long term factors dominate the outlook, however, cyclical factors and short term influences govern these projections.

Transaction Costs

We have made allowances for the following transaction costs within our discounted cash flow:

Transaction Costs	
Disposal Costs	1.00% of the forecast Terminal Value

Discount Rate

In assessing the appropriate target discount rate for the property, we have considered the following factors:

- Analysis of recent comparable sales;
- Current level of the 10 year Government Bond Rate;
- Dialogue with active institutional investors and property trust investors; and
- Property's lease covenants and quality of improvements.

Present Value

After careful consideration of the assumptions and comments contained in our report and relevant market evidence, we have applied a target discount rate of 8.75% to the cash flows to produce a present value $119,622,000. Our DCF calculations are annexed to this report.

Sensitivity Analysis

The table below highlights a sensitivity analysis of the net present value around variations to the target discount rate and terminal yield:

Discount Rate	Terminal Yield		
	6.250%	6.500%	6.750%
8.50%	$124,395,000	$121,690,000	$119,185,000
8.75%	$122,266,000	$119,622,000	$117,175,000
9.00%	$120,185,000	$117,602,000	$115,210,000

10.5 Valuation Reconciliation

The results of our valuation methods are:

Methodology	Valuation
Capitalisation Approach - Market Income	$120,003,000
Capitalisation Approach - Contract Income	$119,880,000
Discounted Cash Flow Approach	$119,622,000
Adopted Value	$119,850,000

Having regard to the results from the valuation methods described above, together with available market evidence, the comments made within this report, and present commercial office market investment sentiment, we have adopted a rounded valuation figure of **$119,850,000** plus GST (if any).

The assessed value reflects an initial passing yield of 6.20%, an equivalent yield of 6.01%, an internal rate of return of 8.72%, and a rate of $10,577 per square metre of Net Lettable Area, as leased.

11 Valuation

In accordance with your instructions we have assessed the market value of the 100% freehold interest in the property as follows.

Our valuation is subject to the comments, qualifications and financial data contained within our report. On that basis, and assuming the Property is free of encumbrances, restrictions or other impediments of an onerous nature which would affect value, in our opinion its market value as at 23 March 2016, is:

$119,850,000 plus GST (if any)

One Hundred Nineteen Million Eight Hundred Fifty Thousand Dollars plus GST (if any)

Further Comments of Note:

At our adopted value, the initial yield is 6.20%. We are of the opinion that this level of value is within market parameters.

Key features influencing the strong pricing of this asset are:

1. We note that New Zealand is in a low interest rate environment with competition prevalent between financiers to lend on property. In relation to bond rates, property shows a premium above these on a yield basis, making property an attractive investment to investors.

2. We are aware of large institutions with cash ready to invest on large property investments.

3. However, available investment stock of a high quality with good investment profile is currently in limited supply, and as such, vendors now have the ability to seek top prices for their assets. Going forward throughout the cash flow, the subject property will be returning a higher yield as the rental income increases each year in accordance with the premises leases.

4. The lease term, rental growth and tenant covenant on offer are all extremely attractive attributes.

5. The initial yield is a significant factor considered by the market. This sits at 6.20% on a value of $119,850,000 plus GST if any. This is in line with recent market transactions as demonstrated by the recent sales including Courier Post House at $27.35m which represented an initial yield of 6.17%, 79 Carlton Gore Road at 6.20%, Spark Building D at 7.02%, Lumley Centre at 7.19%, Watercare House at 6.98% and Oracle House at 6.99%.

11.1 Mortgage Security Recommendation

Subject to the comments in this report, we consider the Property to be a suitable security for first mortgage purposes.

We refer you to our SWOT analysis which outlines risks associated with the property.

11.2 Market Value Apportionment

We have been requested to provide an apportionment of the land and improvements within the Market Value as assessed.

In order to establish value parameters to the subject we have investigated recent land sales within the central Auckland area. In the interest of brevity, we retain all sales evidence on file and outline our apportionment of the value assessed as follows:

Valuation Apportionment	Value
Land Value	$12,430,000
Improvements Value	$107,420,000
Adopted Value	$119,850,000

This apportionment has been undertaken for accounting purposes only, and should not be utilised as an assessment of improvement indemnity or replacement value for insurance purposes.

Finally, and in accordance with our normal practice, we confirm that this report is confidential to Augusta Limited for the purpose of mortgage security and for the purposes of the limited partnership that is proposed to acquire the property and for use by prospective investors (on a non-reliance basis) in that limited partnership. No responsibility is accepted to any third parties. Neither the whole of the report, or any part of it, or any reference to it, may be published in any document, statement or circular nor in any communication with third parties other than prospective investors, professional advisors and financiers without our prior written approval of the form and context in which it will appear.

Yours faithfully,

Jones Lang LaSalle, Valuation & Advisory

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dave.wigmore@ap.jll.com

Nick Thacker BBS (VPM)
Registered Valuer
+64 9 914 9758
nick.thacker@ap.jll.com

The opinion of value expressed in this report is that of the valuer who undertook the valuation and who is the primary signatory on the report. That valuer is Dave Wigmore. Nick Thacker may not have inspected the Property nor undertaken any role in the preparation of the valuation, and in that case is not providing any professional opinion in relation to the valuation

Computer Interest Register

COMPUTER FREEHOLD REGISTER
UNDER LAND TRANSFER ACT 1952

Search Copy

R.W. Muir
Registrar-General
of Land

Identifier **708753**
Land Registration District **North Auckland**
Date Issued 07 October 2015

Prior References
628719

Estate Fee Simple
Legal Description Lot 3 Deposited Plan 490577
Proprietors
Mansons Properties (151 Victoria) Limited

Estate Fee Simple - 181/500 share
Legal Description Lot 1 Deposited Plan 490577
Proprietors
Mansons Properties (151 Victoria) Limited

Interests

For area and dimensions see DP 490577

Subject to Section 27B State-Owned Enterprises Act 1986 (which provides for the resumption of land on the recommendation of the Waitangi Tribunal and which does not provide for third parties, such as the owner of the land, to be heard in relation to the making of any such recommendation)

9508255.3 Covenant pursuant to Section 108(2)(d) Resource Management Act 1991 - 14.10.2013 at 2:05 pm

9508255.5 Consent Notice pursuant to Section 221 Resource Management Act 1991 - 14.10.2013 at 2:05 pm

Subject to a structural support easement over part Lot 1 DP 490577 marked B and C on DP 490577, a fire separation easement over part Lot 1 DP 490577 marked DA, DJ and I on DP 490577, and a party wall easement over part Lot 1 DP 490577 marked G on DP 490577 created by Easement Instrument 9508255.6 - 14.10.2013 at 2:05 pm

Appurtenant hereto is a right to fire separation and a party wall easement created by Easement Instrument 9508255.6 - 14.10.2013 at 2:05 pm

The easements created by Easement Instrument 9508255.6 are subject to Section 243 (a) Resource Management Act 1991

9977428.1 Mortgage to ASB Bank Limited - 2.3.2015 at 4:27 pm

Subject to a right (in gross) to convey electricity over part Lot 1 DP 490577 marked AZ, BZ, CZ and DZ on DP 490577 in favour of Vector Limited created by Easement Instrument 10050978.1 - 25.8.2015 at 3:34 pm

10169361.3 Variation of the conditions of the fire seperation easement marked DJ,DA,I DP 490577 created by Easement Instruemnt 9508255.6 - 7.10.2015 at 11:30 am

Subject to Section 241(2) Resource Management Act 1991 (see DP 490577)

Subject to a right of way over part Lot 1 DP 490577 marked F and O on DP 490577, a pedestrian right of way over part Lot 1 DP 490577 marked A on DP 490577, and a parking easement over part Lot 1 DP 490577 marked R, S, T, U, V, W, X and Y on DP 490577 created by Easement Instrument 10169361.5 - 7.10.2015 at 11:30 am

Appurtenant to Lot 1 DP 490577 is a pedestrian right of way created by Easement Instrument 10169361.6 - 7.10.2015 at 11:30 am

Subject to a plant (building services) easement over part Lot 3 DP 490577 marked L on DP 490577 created by

Easement Instrument 10169361.7 - 7.10.2015 at 11:30 am

Appurtenant to Lot 3 DP 490577 is a plant (building services) easement, a structural support easement, and a fire appliance easement created by Easement Instrument 10169361.7 - 7.10.2015 at 11:30 am

Some of the easements created by Easement Instrument 10169361.7 are subject to Section 243 (a) Resource Management Act 1991 (see DP 490577)

Subject to a pedestrian right of way (in gross) over part Lot 1 DP 490577 marked DJ and JA on DP 490577 in favour of Auckland Council created by Easement Instrument 10169361.8 - 7.10.2015 at 11:30 am

The easements created by Easement Instrument 10169361.8 are subject to Section 243 (a) Resource Management Act 1991

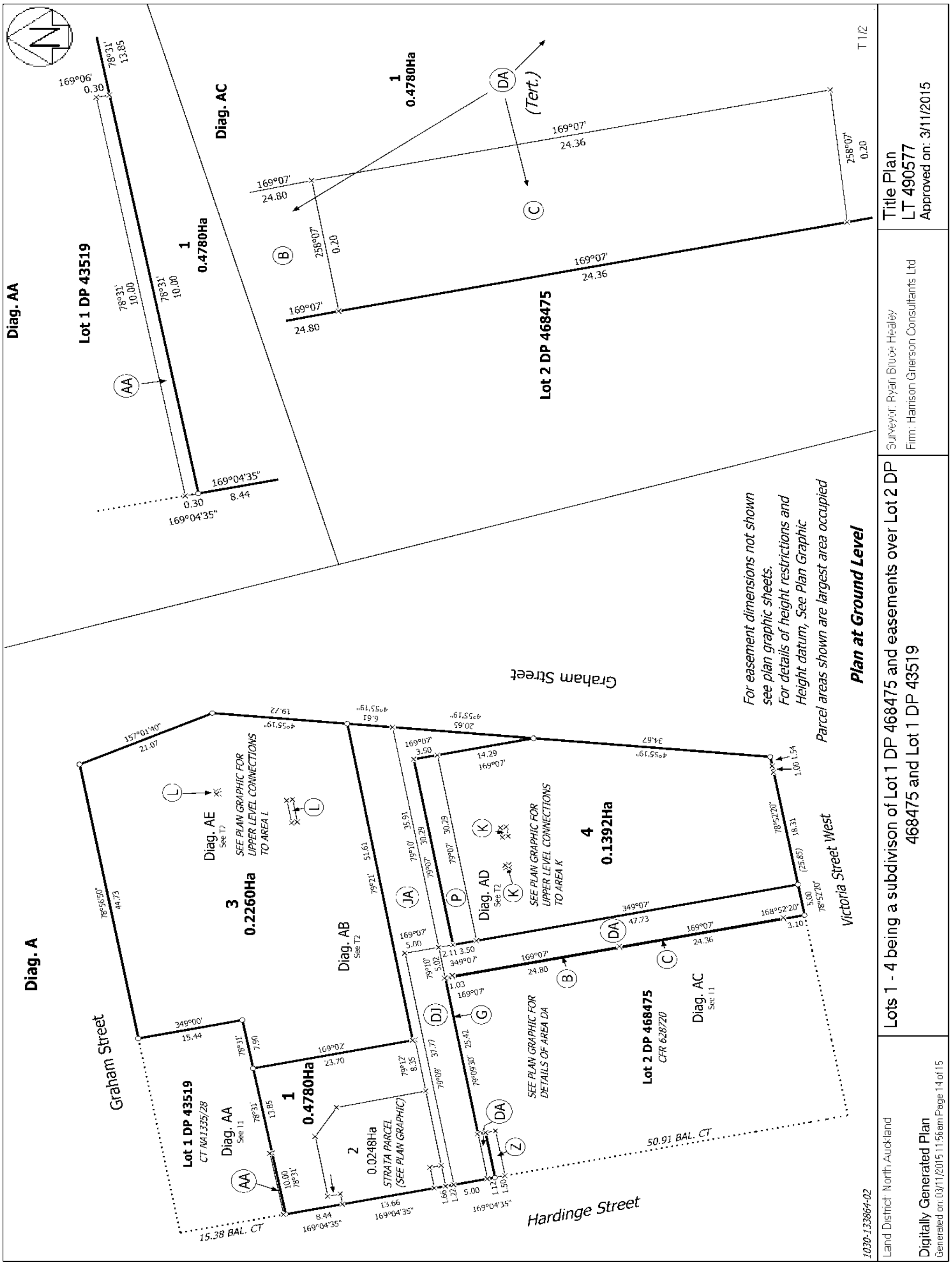
10169361.9 Encumbrance to Auckland Council - 7.10.2015 at 11:30 am

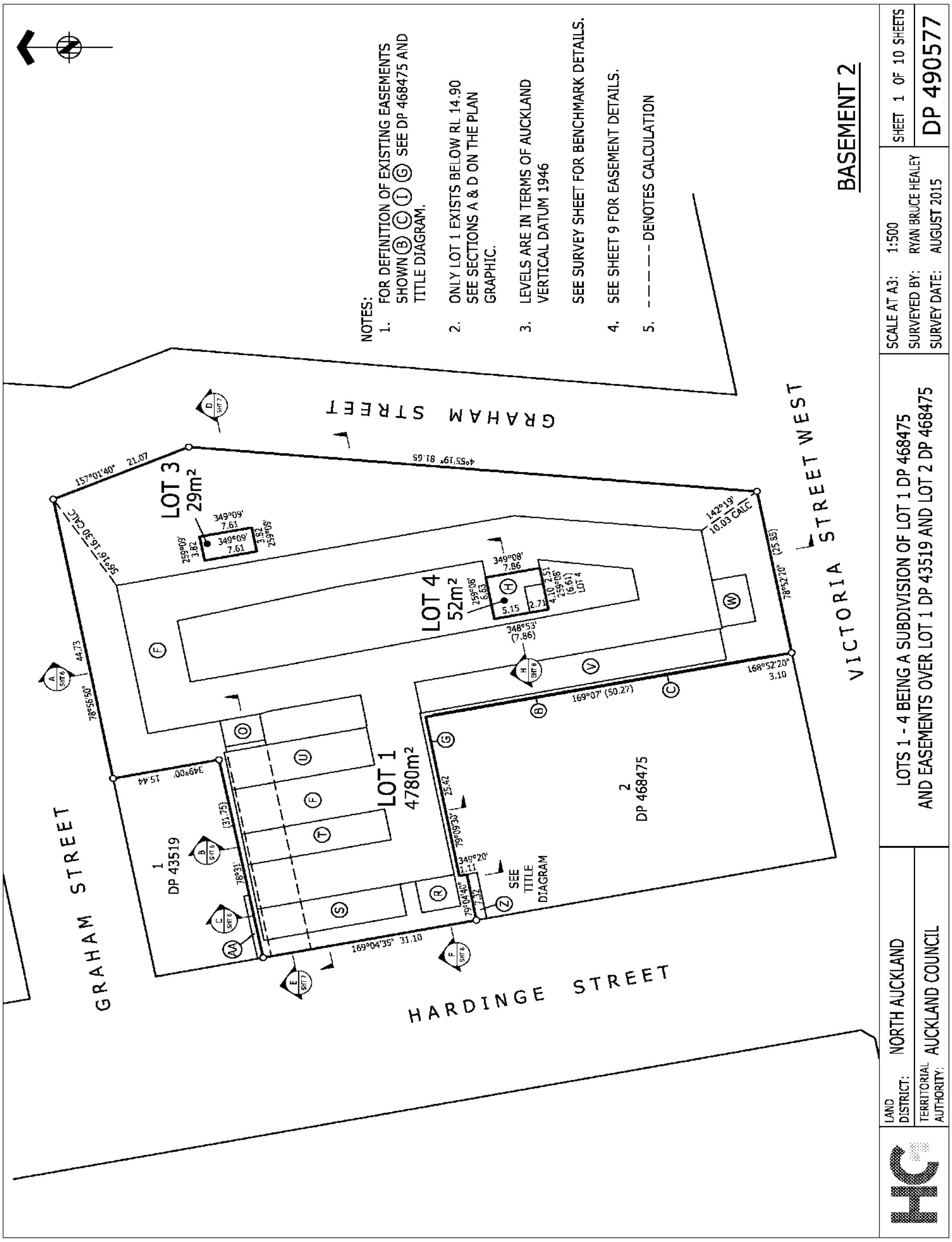
10169361.10 Mortgage Priority Instrument making Encumbrance 10169361.9 first priority and Mortgage 9977428.1 second priority - 7.10.2015 at 11:30 am

Appurtenant to Lot 1 DP 490577 is a signage easement created by Easement Instrument 10169361.11 - 7.10.2015 at 11:30 am

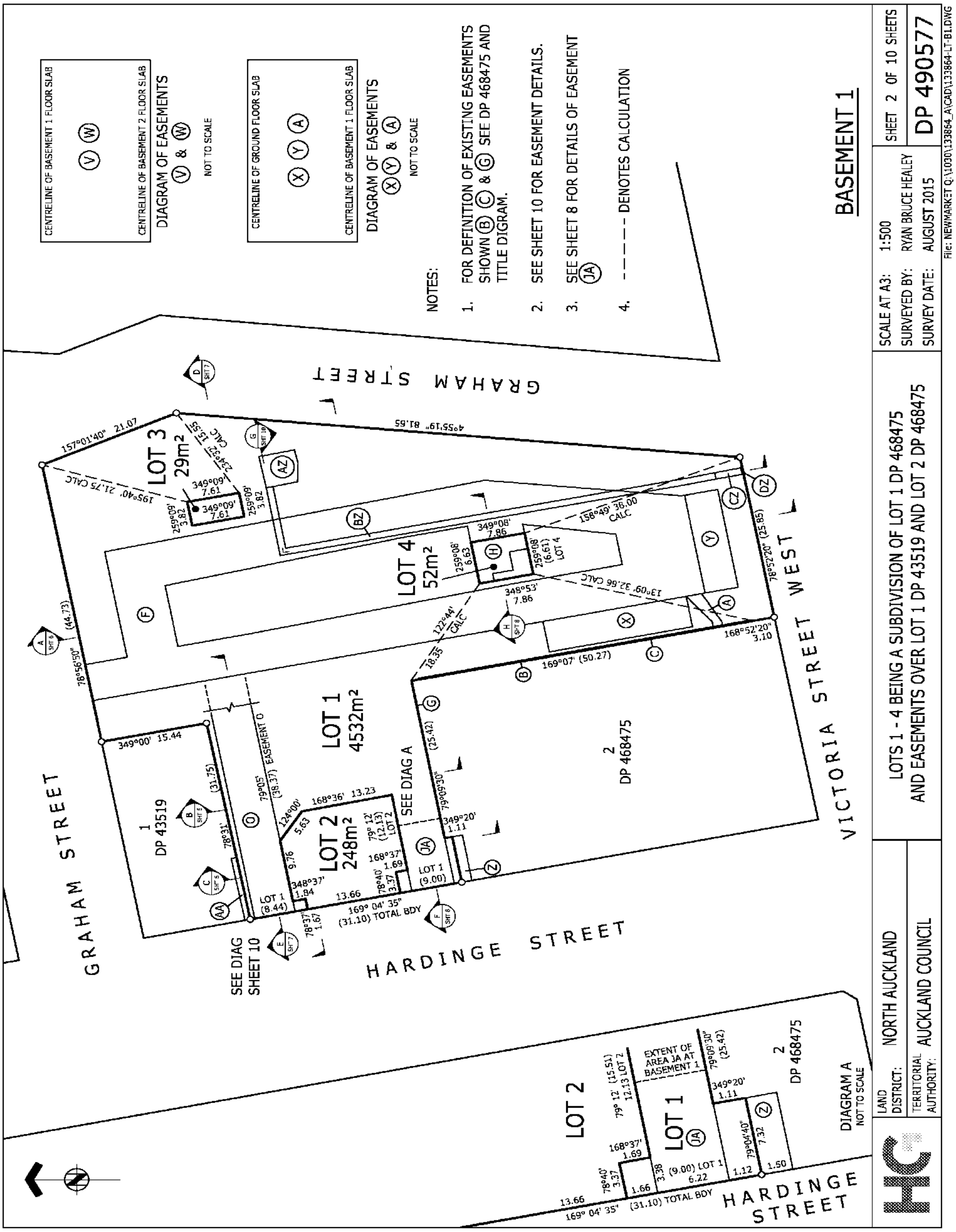
10169361.13 Encumbrance to Mansons Properties (151 Victoria) Limited - 7.10.2015 at 11:30 am

Identifier **708753**

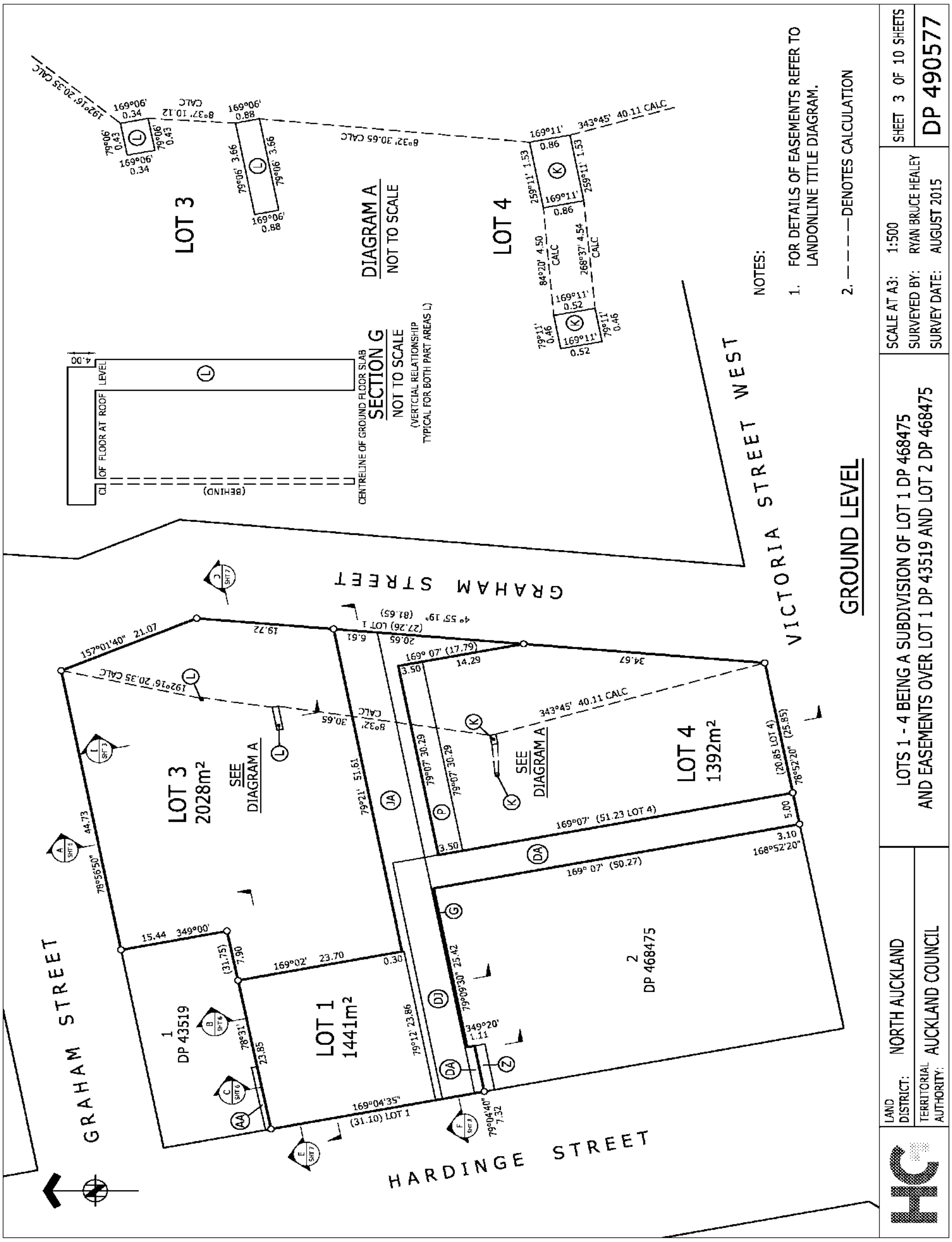


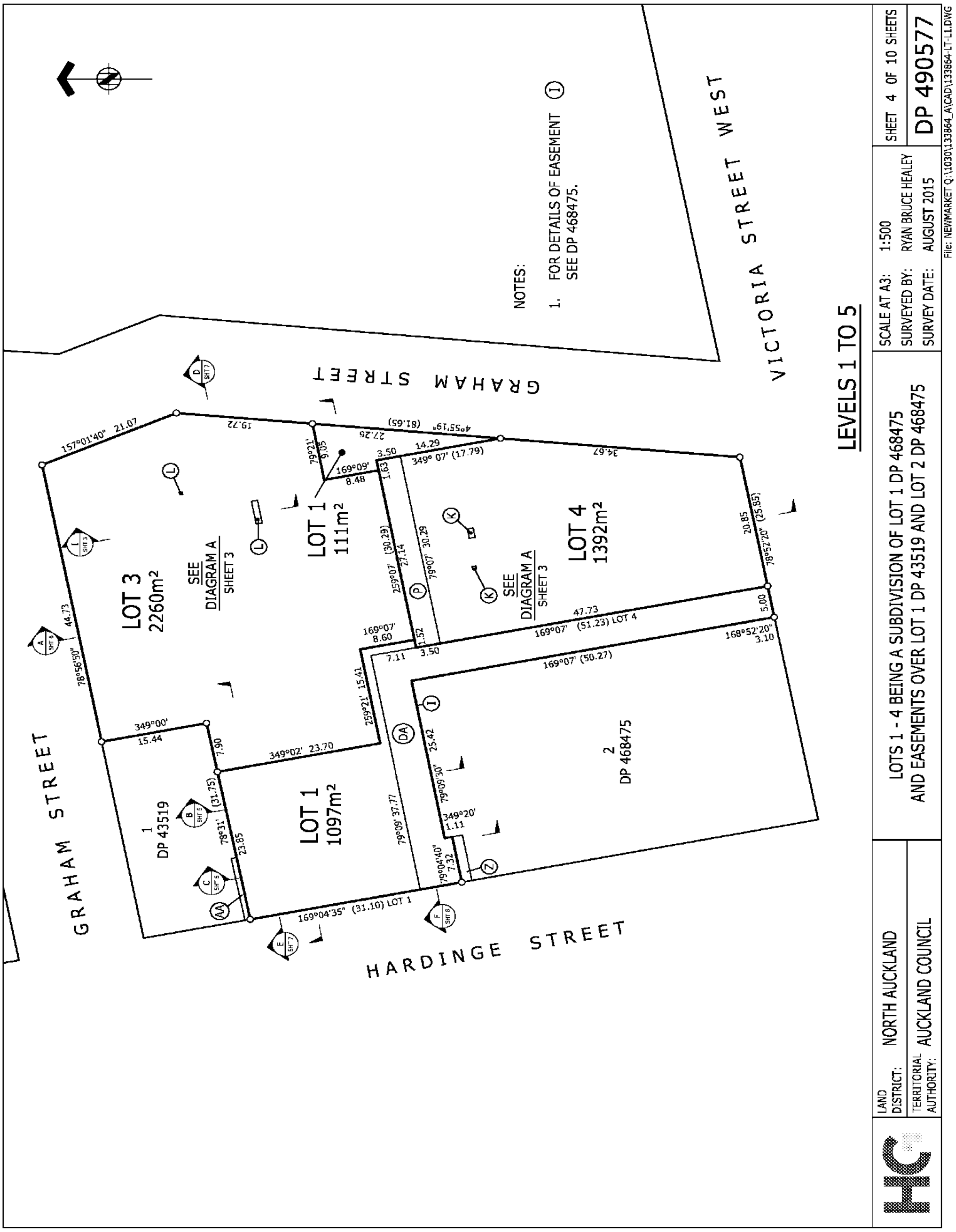

NOTES:
1. FOR DEFINITION OF EXISTING EASEMENTS SHOWN B C I G SEE DP 468475 AND TITLE DIAGRAM.
2. ONLY LOT 1 EXISTS BELOW RL 14.90 SEE SECTIONS A & D ON THE PLAN GRAPHIC.
3. LEVELS ARE IN TERMS OF AUCKLAND VERTICAL DATUM 1946
SEE SURVEY SHEET FOR BENCHMARK DETAILS.
4. SEE SHEET 9 FOR EASEMENT DETAILS.
5. - - - - - DENOTES CALCULATION
BASEMENT 2
SCALE AT A3: 1:500
SURVEYED BY: RYAN BRUCE HEALEY
SURVEY DATE: AUGUST 2015
SHEET 1 OF 10 SHEETS
DP 490577
LOTS 1 - 4 BEING A SUBDIVISION OF LOT 1 DP 468475
AND EASEMENTS OVER LOT 1 DP 43519 AND LOT 2 DP 468475
LAND DISTRICT: NORTH AUCKLAND
TERRITORIAL AUTHORITY: AUCKLAND COUNCIL
GRAHAM STREET
VICTORIA STREET WEST
HARDINGE STREET
LOT 1
4780m²
LOT 3
29m²
LOT 4
52m²
1
DP 43519
2
DP 468475
SEE TITLE DIAGRAM

Identifier **708753**

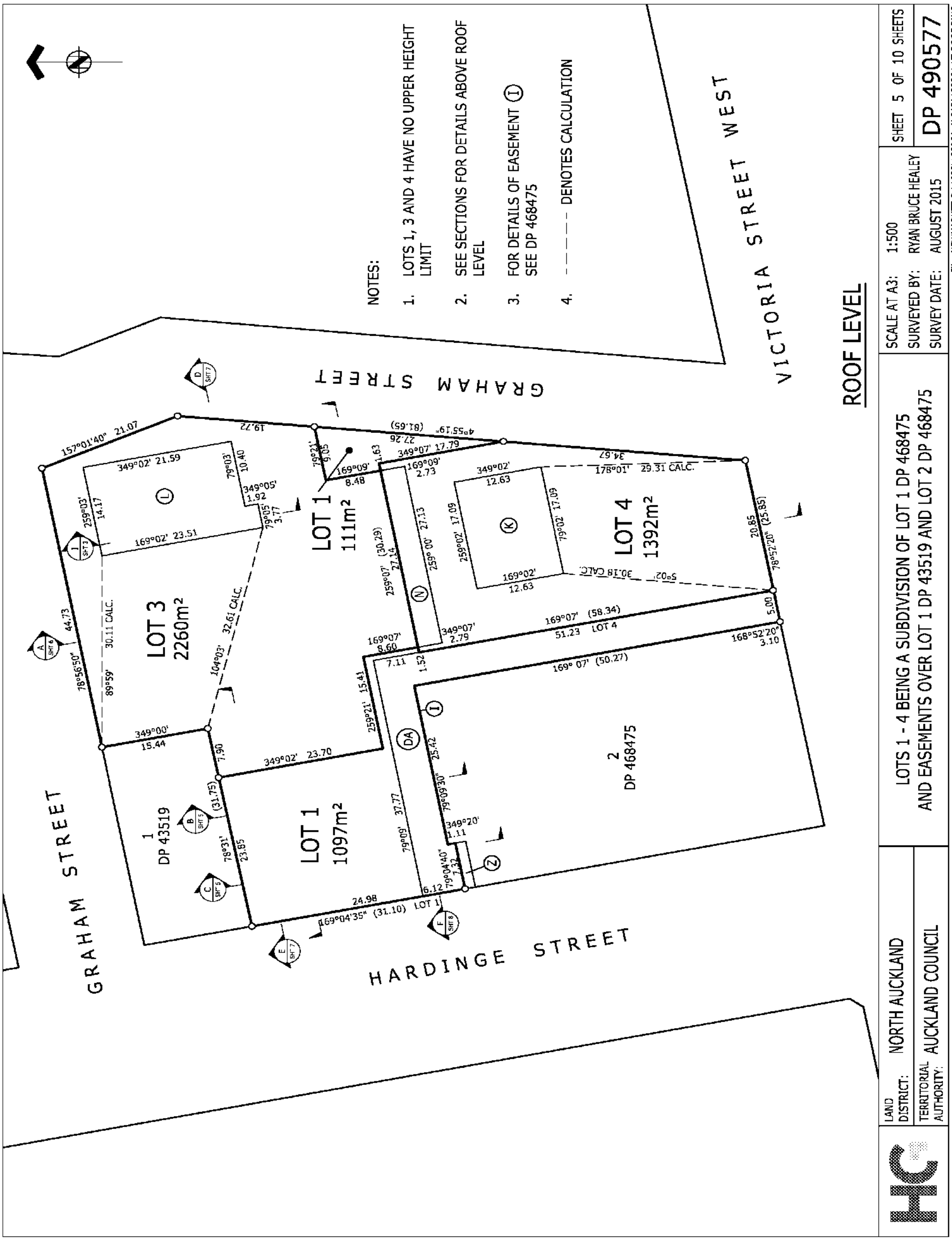


Identifier **708753**





NOTES:
1. FOR DETAILS OF EASEMENT (I) SEE DP 468475.
LEVELS 1 TO 5
LOT 1 111m²
LOT 1 1097m²
LOT 3 2260m²
LOT 4 1392m²
SEE DIAGRAM A SHEET 3
2 DP 468475
1 DP 43519
GRAHAM STREET
VICTORIA STREET WEST
HARDINGE STREET
LOTS 1 - 4 BEING A SUBDIVISION OF LOT 1 DP 468475
AND EASEMENTS OVER LOT 1 DP 43519 AND LOT 2 DP 468475
LAND DISTRICT: NORTH AUCKLAND
TERRITORIAL AUTHORITY: AUCKLAND COUNCIL
SCALE AT A3: 1:500
SURVEYED BY: RYAN BRUCE HEALEY
SURVEY DATE: AUGUST 2015
SHEET 4 OF 10 SHEETS
DP 490577
File: NEWMARKET Q:\11030\133864_A\CAD\133864-LT-L1.DWG


NOTES:
1. LOTS 1, 3 AND 4 HAVE NO UPPER HEIGHT LIMIT
2. SEE SECTIONS FOR DETAILS ABOVE ROOF LEVEL
3. FOR DETAILS OF EASEMENT I SEE DP 468475
4. DENOTES CALCULATION
GRAHAM STREET
VICTORIA STREET WEST
HARDINGE STREET
LOT 1 111m²
LOT 1 1097m²
LOT 3 2260m²
LOT 4 1392m²
1 DP 43519
2 DP 468475
ROOF LEVEL
LOTS 1 - 4 BEING A SUBDIVISION OF LOT 1 DP 468475
AND EASEMENTS OVER LOT 1 DP 43519 AND LOT 2 DP 468475
SCALE AT A3: 1:500
SURVEYED BY: RYAN BRUCE HEALEY
SURVEY DATE: AUGUST 2015
SHEET 5 OF 10 SHEETS
DP 490577
LAND DISTRICT: NORTH AUCKLAND
TERRITORIAL AUTHORITY: AUCKLAND COUNCIL

Valuation Calculations

Executive Summary

Property	NZME - Building A, 4 Graham Street, Auckland
Property Description	Commercial Office
Net Lettable Area	11,332 square metres
Car Parking	113 spaces - 1 car park per 100.28 sqm
Prepared For	Augusta Funds Management Limited
Purpose	the purpose of mortgage security and for the purposes of the limited
Date of Valuation	23 March 2016
Valuation Approach	Capitalisation of Net Income and Discounted Cashflow
Valuation	$119,850,000 plus GST (if any)

Valuation Analysis

Initial Yield (Net Passing)	6.20%
Initial Yield (Fully Leased)	6.20%
Equivalent Yield	6.01%
Internal Rate of Return (Ten Year)	8.71%
Weighted Average Lease Term - Income	12.36 years
Weighted Average Lease Term - Area	12.41 years
Occupancy As Valued	100.00%
Capital Value per square metre of NLA	$10,577 /sqm

This information in this summary is derived from and should be read in conjunction with the full text of the accompanying report.

Capitalisation Approach

Value Based on Market Capitalisation	$120,003,000
Value Based on Contract Capitalisation	$119,880,000
Capitalisation Rate	6.00%

Discounted Cashflow Approach

Value Based on DCF Approach	$119,610,000
Discount Rate	8.75%
Terminal Capitalisation Rate	6.50%
Nominal Assumed Rental Growth	3.67% pa
Nominal Assumed CPI	2.19% pa

Contract and Market Rental Income Summary

	Contract	Market
Rental Income	$7,402,978	$6,955,054
Other Income	$31,686	
Recoverable Outgoings	$963,178	$963,178
Gross Income	$8,397,841	$7,918,232
Total Outgoings	($963,178)	($963,178)
Less Year 1 Incentives		
Net Income	$7,434,664	$6,955,054

DCF Sensitivity Analysis

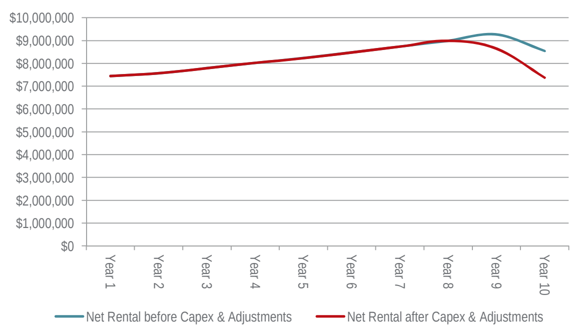
Discount Rate	Terminal Yield		
	6.25%	6.50%	6.75%
8.50%	$124,381,000	$121,677,000	$119,172,000
8.75%	$122,253,000	$119,610,000	$117,162,000
9.00%	$120,172,000	$117,589,000	$115,197,000

Major Tenant Occupancy Profile by Rental Income

Capex and Letting Up Assumptions

	Year 1	Year 2	Year 3
Capex	$0	$0	$0
Letting Up	$0	$0	$0
Unexpired Incentives	$0	$0	$0

Projected Net Rental Cash Flow



Lease Expiry Profile

Capitalisation Approach - Market Income
NZME - Building A, 4 Graham Street, Auckland
23 March 2016

Market Income	
Lettable area rental	$6,338,074
Car Parking Rental	$616,980
Ideal Outgoings Recovery (Full Net Leases)	$963,178
Total Market Rental	$7,918,232
Less Outgoings Expenditure	($963,178)
Net Market Rental	$6,955,054
Rental Adjustments	
Less Long Term Vacancy Allowance @ 0.00%	$0
Core Income	$6,955,054
Core Income Capitalised at 6.00%	$115,917,571
Value Adjustments	
Present Value of Rental Reversions	
Existing Tenancies	$3,959,796
Vacant Tenancies	$0
Present Value of Letting Up Allowances: 24 months	$0
Present Value of All Unexpired & Forecast Incentives: 24 months	$0
Present Value of Future Lease Agreements and Stepped Rentals	$0
Present Value of Short Term Capital Expenditure: 24 months	$0
Value of Other Income	$125,734
Total Value Adjustments	$4,085,530
Total Capitalised Value	$120,003,101
Adopted Capitalised Value	$120,003,000
Adopted Value	$119,850,000

Analysis

Weighted Lease Duration		Performance Indicators on Adopted Value	
By Income	12.36 years	Initial Yield (Net Passing)	6.20%
By Area	12.41 years	Initial Yield (Fully Leased)	6.20%
Current Vacancies		Equivalent Market Yield	6.01%
By Area	0 sqm	Rate per m² of NLA	$10,577 /sqm
Proportion of NLA	0.00%	Net Income	
By Market Income	$0	Net Passing Income	$7,434,664
Proportion of Market Income	0.00%	Net Passing Income (Fully Leased)	$7,434,664

Passing Income	
Lettable Area Rental	$6,785,998
Car Parking Rental	$616,980
Outgoings Recovery	$963,178
Total Passing Rental	$8,366,156
Less Outgoings Expenditure	($963,178)
Net Passing Income*	$7,402,978
Rental Adjustments	
Less Long Term Vacancy Allowance @ 0.00%	$0
Core Income	$7,402,978
Core Income Capitalised at 6.00%	$123,382,974
Value Adjustments	
Present Value of Rental Reversions	
Existing Tenancies	($3,629,175)
Vacant Tenancies	$0
Present Value of Letting Up Allowances: 24 months	$0
Present Value of All Unexpired & Forecast Incentives: 24 months	$0
Present Value of Future Lease Agreements and Stepped Rentals	$0
Present Value of Short Term Capital Expenditure: 24 months	$0
Value of Other Income	$125,734
Total Value Adjustments	($3,503,440)
Total Capitalised Value	$119,879,534
Adopted Capitalised Value	$119,880,000
Adopted Value	$119,850,000

* Excludes adjustments for outstanding incentives and any other income

Discounted Cashflow Approach
NZME - Building A, 4 Graham Street, Auckland
23 March 2016

Discounted Cashflow Results	
PV of Rental Income	$54,697,066
PV of Terminal Value	$64,912,468
Acquisition Costs	$0
Total Net Present Value	$119,609,533
Adopted Net Present Value	$119,610,000
Adopted Value	$119,850,000
Adopted Discount Rate	8.75%
Internal Rate of Return	8.71%

Sensitivity Analysis*		Terminal Yield	
Discount Rate	6.25%	6.50%	6.75%
8.50%	$124,381,000	$121,677,000	$119,172,000
8.75%	$122,253,000	$119,610,000	$117,162,000
9.00%	$120,172,000	$117,589,000	$115,197,000

* Rounded Values

Key Property Statistics	Valuation Date	Terminal Period
Weighted Average Lease Term - Income	12.36 years	4.18 years
Weighted Average Lease Term - Area	12.41 years	4.21 years
Occupancy	100.00%	83.67%
Initial Yield (Net Passing)	6.20%	5.28%
Initial Yield (Fully Leased)	6.20%	6.50%
Capex Assumptions		
Total Allowance over DCF Period	$1,479,731	$130.59 /sqm
Proportion of Adopted Value	1.23%	

Year Ending	22-Mar-2017 Year 1	22-Mar-2018 Year 2	22-Mar-2019 Year 3	22-Mar-2020 Year 4	22-Mar-2021 Year 5	22-Mar-2022 Year 6	22-Mar-2023 Year 7	22-Mar-2024 Year 8	22-Mar-2025 Year 9	22-Mar-2026 Year 10	22-Mar-2027 Year 11
Rental Income											
Lettable Area and Car Park Income	$7,409,709	$7,531,029	$7,756,960	$7,989,668	$8,208,704	$8,477,734	$8,730,675	$8,993,376	$9,264,760	$8,656,599	$0
Outgoings Recovery	$963,178	$979,552	$997,183	$1,016,130	$1,038,993	$1,062,370	$1,086,274	$1,110,715	$1,138,483	$1,053,503	$0
Other Income	$31,686	$32,224	$32,804	$33,427	$22,786	$0	$0	$0	$0	$0	$0
Gross Rental Income	$8,404,572	$8,542,804	$8,786,947	$9,039,226	$9,270,483	$9,540,104	$9,816,949	$10,104,090	$10,403,243	$9,710,101	$0
Rental Deductions											
Unexpired Incentives	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Outgoings Expenditure	($963,178)	($979,552)	($997,183)	($1,016,130)	($1,038,993)	($1,062,370)	($1,086,274)	($1,110,715)	($1,138,483)	($1,166,945)	$0
Net Rental Cashflow	$7,441,394	$7,563,253	$7,789,764	$8,023,096	$8,231,490	$8,477,734	$8,730,675	$8,993,376	$9,264,760	$8,543,157	$0
Rental Adjustments											
Letting Up Allowances - Leasing Fees	$0	$0	$0	$0	($7,417)	$0	$0	$0	$0	($304,491)	$0
Capital Expenditure	$0	$0	$0	$0	$0	$0	$0	$0	($614,555)	($865,176)	$0
Net Cashflow	$7,441,394	$7,563,253	$7,789,764	$8,023,096	$8,224,073	$8,477,734	$8,730,675	$8,993,376	$8,650,205	$7,373,490	$0

Purchase Price	$119,850,000
Acquisition Costs @ 0.00%	$0
Gross Purchase Price	$119,850,000

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
Net Sale Price After Costs @ 1.00%											$150,183,000
Annual Cashflow	($112,408,606)	$7,563,253	$7,789,764	$8,023,096	$8,224,073	$8,477,734	$8,730,675	$8,993,376	$8,650,205	$7,373,490	$150,183,000
Running Initial Yield	6.21%	6.31%	6.50%	6.69%	6.87%	7.07%	7.28%	7.50%	7.73%	7.13%	-
Running IRR	5.04%	7.63%	8.49%	8.85%	9.02%	9.10%	9.09%	8.94%	8.91%	8.71%	-

Growth and Cost Assumptions

	Current Vacancies	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
Office	Assumed Lease Term	6.0 years	Review Frequency	2 yearly	Average Growth	3.67%						
Rental Growth Rate	-	3.75%	4.50%	4.50%	4.25%	4.00%	3.75%	3.50%	3.00%	3.00%	2.50%	2.50%
Letting Up Assumption	6 months	6 months	6 months	6 months	6 months	6 months	6 months	6 months	6 months	6 months	6 months	6 months
Letting Up Probability	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Applied Incentive	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Incentive Months Equivalent	0 months	0 months	0 months	0 months	0 months	0 months	0 months	0 months	0 months	0 months	0 months	0 months
Capex Allowance	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$466,418	$0
Other	Assumed Lease Term	6.0 years	Review Frequency	2 yearly	Average Growth	0.00%						
Rental Growth Rate	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Letting Up Assumption	6 months	6 months	6 months	6 months	6 months	6 months	6 months	6 months	6 months	6 months	6 months	6 months
Letting Up Probability	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Applied Incentive	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Incentive Months Equivalent	0 months	0 months	0 months	0 months	0 months	0 months	0 months	0 months	0 months	0 months	0 months	0 months
Capex Allowance	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0

Growth Rates	Average	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
Naming Rights	3.67%	3.75%	4.50%	4.50%	4.25%	4.00%	3.75%	3.50%	3.00%	3.00%	2.50%	2.50%
Carparking	3.67%	3.75%	4.50%	4.50%	4.25%	4.00%	3.75%	3.50%	3.00%	3.00%	2.50%	2.50%
CPI	2.19%	1.70%	1.80%	1.90%	2.25%	2.25%	2.25%	2.25%	2.50%	2.50%	2.50%	2.50%
Capex	2.69%	2.20%	2.30%	2.40%	2.75%	2.75%	2.75%	2.75%	3.00%	3.00%	3.00%	3.00%
Outgoings	2.19%	1.70%	1.80%	1.90%	2.25%	2.25%	2.25%	2.25%	2.50%	2.50%	2.50%	2.50%
Ground Rental	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other Income	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Other Income Summary	Assessed Value	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
Other Income 1	$125,734	$31,686	$32,224	$32,804	$33,427	$34,180	$0	$0	$0	$0	$0	$0

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